the Freeman

Ideas on Liberty

FEBRUARY 1975

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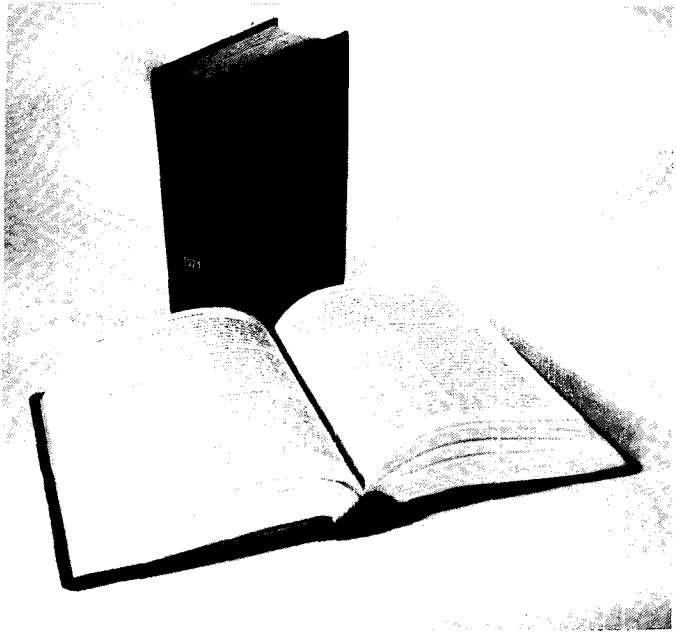

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WILLIAM PENN

Holy Experiment

PAUL LUTHER BRINDLE

THE HOLY EXPERIMENT was the name given by William Penn to his colonization on the west bank of the Delaware River. William Penn was sure that he was directed by God through his Inner Light. When he was 12 years old, and alone in his room, he had a spiritual experience which he described as God appearing unto him and making it clear to him that there was important work for him to perform.

William Penn was born October 14, 1644, almost within the shadow of the Tower of London. His father was an English Navy Captain whose name was also William. His mother was Dutch, the former Margaret Jasper, and is credited with giving him his unshakable poise. The father had been taught the way of the sea by his father, Giles Penn, on his own ship in the sailing-vessel days and in the rough-and-tumble merchant service. Sir William Penn became Vice Admiral and was knighted. As recipient of many honors, he was invited to State functions, where he felt humbled by his limited formal education. He determined that his son should be educated as a courtier.

A tutor was engaged and young William was sent to Chigwell School in Essex, then to Oxford University for two years, and then to Soumur in France where he came under the influence of, and lived with, the noted

Mr. Brindle is a Washington, D.C., attorney whose paternal ancestors arrived in Philadelphia in 1715, from Liverpool.

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theologian, Moses Amyrault, of Calvinist persuasion and a man of learning and eloquence.

Penn wore fine clothes, armor and side arms becoming the cavalier gentry, and young men of distinction. While at Oxford, Penn had developed skills in fencing, and when an attacker in Paris drew his sword over some imaginary offense, Penn bested him. This gave Penn the right to pierce through, but he turned his attacker free unharmed. Penn, by now the theologian, said concerning the incident, "I know no religion which destroys courtesy, civility and kindness." This led to his giving up of the armor and side arms.

Penn went to the London Inn to study English law until his father took him to his estate in Ireland to avoid the plague of 1665 and 1666.

In Ireland, Penn heard the Quaker preacher, Thomas Loe, preaching on the subject, "There is a faith that overcomes the world and a faith that the world overcomes," and from that time Penn was a Quaker. The Quakers were delighted to secure a convert from the cavalier class, a man of family, education, wealth and prominence. He became a recognized Quaker leader, preacher and author of numerous theological works.

Seventeenth Century life in England was at a low ebb, with 250 crimes punishable by death — usually on the block. The Conventicle Act of 1664 made it unlawful to hold any religious meeting other than that of the authorized Church of England. Magistrates were allowed to impose fines upon violation, often amounting to confiscation of assets and imprisonment without trial by jury. The informer's fee was one-third of the fine. The Quakers refused to obey the Conventicle Act, and worshiped openly as Quakers with the result that men, women and children were arrested and carted off to prison, and the following week there would be replacements to suffer the same fate.

A Quaker in Prison

Newgate Prison was overly crowded. While in prison there, Penn spent most of his time writing, *The Great Case of Liberty of Conscience*, and on another occasion he wrote, *No Cross, No Crown*, which has been reprinted from time to time.

On another occasion, Penn spent eight months and 16 days in the Tower of London without trial. Word reached him that the Bishop of London had vowed to keep him there until he died. To this Penn replied, "They are mistaken in me, I value not their threats; I will weary out their malice."

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During Penn's incarceration in the Tower, he was without research material, but his writings included accurate quotations and analyses of the opinions of over 150 personages of the past and present. When the book, *Innocency with Her Open Face,* was published and reached the streets, it was so helpful in authenticating his claim of his Inner Light, as a man of God, and stirred such a clamor, that in a few days he was released from prison by the act of pardon.

Property Seized, Later Restored

Large numbers of Quakers were refusing to pay tithes, or taxes to maintain the government, which included support of the established church. The sheriff was obliged to seize their property and sell it to obtain treble the amount of the tax, or to imprison them.

The Quakers refused to take an oath, or to remove their hats in court, church, or in the presence of important persons. They denied the validity of all sacraments, including baptism and the Lord's Supper. They declared that a man should not be bound to believe more than his reason could comprehend. The Quakers were attempting to hark back to First Century Christianity, and thereby to circumvent 16 centuries of growth and struggle of Christendom. Their position on primitive Christianity was to become an important point of understanding with the Indians in America.

The Test Act of 1673 barred from public office, both civil and military, all who refused the sacrament according to the rites of the Church of England. This forced the resignation of James Stuart, the Duke of York, from his position of Lord High Admiral of the Navy. James was openly a Romanist, while Charles II was secretly of the same faith.

Ten years after the death of Admiral Sir William Penn, Charles II was still unable to pay the estate the Admiral's uncollected salary and loans which amounted to about £16,000. William Penn was at the peak of his influence. He proposed that the Crown convey to him the uncolonized land west of the Delware River in North America in exchange for the indebtedness and, at the same time, to provide a haven for the religiously oppressed in England. It had been 60 years since the Pilgrims had settled in Massachusetts for the free worship of the Puritan religion, and Penn saw a need for individual religious liberty.

When the Charter for the grant was being considered in Council, on March 4, 1681, Penn stood with his hat on, as was the Quaker cus-

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tom, although he was in the presence of the King. When the King removed his hat, Penn asked, "Friend Charles, why dost thou not keep on thy hat?" His Majesty replied laughingly, "It is the custom in this place for only one person to remain covered at one time."

Penn, in deference to the Quaker restriction against vanity, objected to the colony being named Pennsylvania, the Latin for Penn's woods, whereupon the King said, "I will name it after your father." On March 4, 1681, the Holy Experiment was launched, and March 4 was later selected as the date for the Inauguration of the Presidents of the United States – a custom which prevailed through 1933.

Pennsylvania became the only proprietorship colony in America. It consisted of 45,000 square miles, only 5,000 square miles less than the area of England. Of it Penn wrote "'Tis a clear and just thing; and my God, which has given it to me, through many difficulties, will I believe, bless and make it the seed of a nation. I shall tender care to the government that it may be well laid at first."

Address to Settlers

Penn lost no time in putting the Holy Experiment into effect, as inspired by his Inner Light. On April 8, 1681, he wrote to the settlers in Pennsylvania–the Swedes, Dutch and English – in a style which has sometimes been referred to as Governor Penn's Inaugural Address. He wrote, in part:

My Friends:

I wish you all happiness, here and hereafter, I have to let you know that it has pleased God in his Providence to cast you within my lot and care. It is a business that, though I never undertook before, yet God has given me an understanding of my duty, and an honest mind to do it uprightly, I hope you will not be troubled with your change and the king's choice, for you are now fixt, at the mercy of no Governour that comes to make his fortune great; you shall be governed by laws of your own making, and live a free, and, if you will, a sober and industrious people. I shall not usurp the right of any, or oppress his person; God has furnished me with a better resolution, and has given me the grace to keep it. In short, whatever sober and free men can reasonably desire for the security and improvement of their own happiness, I shall heartily comply with .... I beseech God to direct you in the way of righteousness, and therein prosper you and your children after you. I am,

Your true friend,
Wm. Penn.

When Penn first arrived in his colony on October 27, 1682, at Uplands, (renamed Chester), he immediately began to apply his frame of government. He issued

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writs for the election of Representatives to the assembly to meet at Chester on December 4, 1682. Penn was delighted to find the great storehouse of riches which exceeded his fondest expectations. Prior to going to Pennsylvania, he had written several letters to the Lenni Lenape (Delaware) Indians, which had been read and translated to them. The letters were friendly and deeply religious, and he assured them that his people would never harm them nor take their land without payment.

He learned their language and would walk among them. The Indians had strong likes and dislikes, but were deeply fond of Penn, whose brotherly love was contagious. The Indians shared Penn's convictions on immortality. Penn contended, "That the truest end in life is to know the life that never ends – that death is no more than turning us over from time to eternity."

After making land purchases in 1683, Penn wrote:

> The poor people are under a dark night in things relating to religion, to be sure, the tradition of it, yet they believe in God and Immortality, without the help of metaphysicks; for they say, there is a great king that made them, who dwells in a glorious country to the southward of them, and that the souls of the good shall go thither where they shall live again.

Penn's Fundamental Constitutions of Government read: "That all persons living in the province who confess and acknowledge the Almighty and Eternal God to be Creator, Upholder and Ruler of the world – subject to the general rules of piety, all were welcome. Only those who denied the existence of God should be excluded."

The Frame of Government

Penn looked upon the state as evil and wanted no more government than the ill-behaved of worldly citizens made necessary. His philosophy of an ideal society was one in which men governed themselves and their affairs so well and justly that formal government would have little or nothing to do. Penn said, "Liberty without obedience is confusion and obedience without liberty is slavery." Imprisonments were continuing in England, requiring courtier attention. Penn sailed on August 16, 1684, to England.

King Charles II died in 1685, and his younger brother James Stuart ascended to the throne as James II, and declared that he would establish the Roman religion in England or die in the attempt. Charles had a natural son Monmouth, for whom a Dukedom had been created. He mustered his forces to take the throne from his uncle, James II, which resulted in

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a bloody failure, and Monmouth lost his head on the block. It took William of Orange with 14,000 well-disciplined Dutch troops to rout his father-in-law from the throne. James tossed the great seal into the Thames and fled to France where he lived on the bounty of Louis XIV. This was the end of Penn's influence as a courtier.

At the behest of William in 1689, eight years after Penn's Holy Experiment began, Parliament passed the Toleration Act, which William had promised when he announced his intention to drive James from the throne. The Act established religious liberty by law. The reforms established were the very ones for which Penn, in his earlier days, had so ardently contended, and modern England was to grow up under these reforms.

William and Mary

Under the reign of William and Mary, violence, cruelty and brutal executions largely passed away. Mary was the daughter of James II and his first wife, Anne Hyde, and was reared as a Protestant. She and William were virtuous and honorable monarchs, and set an example for all rulers to follow. The statesman who failed lost his office, not his head. Under the liberties established by William III, the modern world was beginning to appear. The Toleration Act brought tranquility to the English people, and cleared the way for dealing with those of different religions and cultures.

Penn visited Holland and Germany, preaching to the oppressed Mennonites and Schwenkfelders, and urged them to colonize in Pennsylvania. He visited Princess Elizabeth, granddaughter of James I, who was then the Abbess of Herford, and who entertained an interest in the mysteries of the Deity. Penn, accompanied by Quaker missionaries, was hopeful of her acceptance of Quakerism. Penn wrote in his notes, "The gospel was preached, the dead was raised and the living were comforted."

In 1699 Penn made his second trip to Pennsylvania, when the population was about 20,000, consisting of about one-third members of the Church of England, one-third Quakers, and one-third Presbyterians, Mennonities and others. When Penn, a man of great poise, visited throughout the province and the neighboring colonies of New York, New Jersey and Maryland, he was graciously received.

Penn returned to England in 1701, but before his departure, a new and simpler constitution was adopted by the people. Penn

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stoutly maintained that there should be:

- 1. No establishment of the Church of England as the state church.
- 2. No use of public funds for sectarian benefit.
- 3. No abridgment of suffrage.
- 4. No Test Act eligibility for office.
- 5. No direct parliamentary taxation upon property or income.

In compliance with Leviticus 25:10, a huge bell was cast by Pass and Stow of Philadelphia, and was rung on the 50th Anniversary, proclaiming liberty throughout the land. It was again rung in jubilation on July 4, 1776, and each year thereafter until a crack developed. After that, it became an attraction for visitors.

Those whom Penn left in charge of his province were soon to be operating it at a loss, and Penn was imprisoned for debt. To terminate the loss in his advancing years, he offered a sacrifice sale of Pennsylvania to the Crown, for £12,000, and accepted £1,200 as advance payment.

When the new constitution was adopted in 1701, the first of the prohibitions (against a state church) was inadvertently omitted, and Penn by recoupment, tried to incorporate it as a restrictive covenant in the sales agreement, but destiny had another plan for the survival of the Holy Experiment.

Penn suffered a stroke which rendered him unable to contract during his remaining years. It fell to the lot of his widow, the former Hannah Callowhill, to save the Holy Experiment. She terminated the foolish sales talks, repaid the advance from an inheritance, schooled herself in the affairs of the province, and taught the same to her sons.

The Order of Succession in Pennsylvania

Thomas Penn was the businessman of the family. Later he became Governor and he instructed his nephew, John Penn, to succeed him. John Penn served until the Revolution.

Written high in the Capitol at Harrisburg are William Penn's famous words, "The nations want an example and my God will give them one." By liberating the spirits of men, more power was released through the Holy Experiment than was theretofore thought possible by those of lesser stature.

The Quakers opposed war per se, and even as a means of defense. They surrendered political power as early as 1757. During and after the Revolution, many Quakers emigrated to Canada.

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Penn had placed happiness foremost in his letter to the settlers in 1681, and 95 years later (1776) when Philadelphia was the most populous city in America, it was paraphrased as the "Pursuit of Happiness" in the Declaration of Independence. Seven of the 39 signers to the Declaration of Independence were Pennsylvanians, and Pennsylvania was the first of the larger states to ratify the Federal Constitution, on December 12, 1787, following only 5 days after ratification by Delaware, a land formerly owned by Penn and settled as a part of the Holy Experiment.

The Holy Experiment in representative government, by strange circumstances, remained not the work of any one person, or group of persons. Succeeding generations and freedom-loving immigrants could find inspiration from Penn's dedicatory prayer inscribed on Philadelphia's City Hall, the closing words of which are, "To preserve thee from such as would abuse and defile thee — that thou mayest be preserved to the end."

IDEAS ON LIBERTY

Discourses Concerning Government

IT WERE A FOLLY hereupon to say that the liberty for which we contend is of no use to us, since we cannot endure the solitude, barbarity, weakness, want, misery and dangers that accompany it whilst we live alone, nor can enter into a society without resigning it, for the choice of that society, and the liberty of framing it according to our own wills, for our own good, is all we seek. This remains to us whilst we form governments, that we ourselves are judges how far 'tis good for us to recede from our natural liberty; 'tis of so great importance that from thence only can we know whether we are freemen or slaves; and the difference between the best government and the worst doth wholly depend upon a right or wrong exercise of that power. If men are naturally free, such as have wisdom and understanding will always frame good governments: but if they are born under the necessity of perpetual slavery, no wisdom can be of use to them; but all must forever depend on the will of their lords, how cruel, mad, proud or wicked soever they be.

SIR ALGERNON SIDNEY (1622-1683)

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Government is not reason, it is not eloquence — it is force. Like fire it is a dangerous servant and a fearful master; never for a moment should it be left to irresponsible action.

— George Washington

The Police:

Friend or Foe?

LEONARD E. READ

WOODROW WILSON, in his book, *The State*, also identifies government with force: "Government, in its last analysis, is organized force." Stated very simply, a government issues edicts – laws – which are backed by a constabulary or policemen. Obey, or suffer the consequences! Other agencies or persons must rely on attraction, service rendered, peaceful persuasion.

It is beginning to dawn on me that we who believe in and are spokesmen for what we have called "limited government" have been using that term in vain. Why the suspicion? Again, hear Woodrow Wilson:

No man ever saw the people of whom he forms a part. No man ever saw a government. I live in the midst of the *Government of the United States.* I never saw the Government of the United States.

In a word, we have been sponsoring, arguing for, trying to explain something no one ever saw – trying to make the case for an unperceived abstraction!

In the interest of better communication, why not use a term that is consonant with what organized force really is: *the police.* All of us, from youngsters to oldsters, have seen policemen. Woodrow Wilson, for instance, never saw government but he saw policemen, one of them in the mirror – a Chief of Police. So let us try

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that image of limited government – the police – to better present our freedom point of view.

The question is this: Are our policemen – local, state, and national – friends or foes? This, I believe, can be resolved by assessing their countless actions as related to justice and injustice. They are friends when supporting justice and foes when inflicting injustices.

Is Justice Served?

Here is my conclusion at the outset: When the police serve as an agency of justice, we should in all good conscience regard the agency as a friend. But when the police power becomes an instrument of injustice we should look upon it as a foe; for then it is a political device that contributes toward rather than deters social chaos. Above all, let us bear in mind that the police force is but an agency or an instrument of ours, and that ours is the responsibility to keep it a friendly agency of justice rather than a foe of mankind.

Wrote Edmund Burke: "Whenever a separation is made between liberty and justice, neither, in my opinion, is safe." I side with Burke: Liberty and justice are inseparably linked! So, what is liberty? It is the "pursuing of our own good in our own way, so long as we do not attempt to deprive others of theirs, or impede their efforts to obtain it." My phrasing: No man-concocted restraints against the release of creative human energy.

Let me catalogue a few instances where the police behave as a foe and try to explain how the agency could serve as a friend instead.

Inflation: When the agency dilutes the medium of exchange it is a foe, precisely as if every policeman in the U.S.A. were engaged in counterfeiting. Foe? If the money supply continues to escalate at the rate since 1938 – from about $35 billion to $280 billion – the supply by the year 2000 will be one and one-half trillion dollars. Savings, insurance, bonds, and other such assets wouldn't then be worth a plugged nickel. Here is a separation of liberty and justice.

How can the police agency become a friend? Remove the cause of inflation: excessive police expenditures. For it is an observed fact that whenever the costs of the police power rise beyond that point where it is no longer politically expedient to defray its costs by direct tax levies, such agencies resort to inflation as a means of making up the deficit. Inflation syphons private property into the

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coffers of the police. Let the police power do only what police are supposed to do: Invoke a common justice and keep the peace! That would be a big step toward liberty and friendship.

Food stamps: a perfect example of the police agency as foe! In 1965 the cost of the food stamp program was $85.5 million. This year it will approximate $7.2 billion – up 8,400 per cent in ten years – with 16,000,000 people riding this gravy train, feeding at the public trough. Where is this and similar plundering schemes of the police force taking us? To a situation of all parasites and no hosts – the rich becoming poor and the poor poorer. Liberty and justice separated!

The light shed by this police injustice? Allow everyone maximum opportunity to become self-responsible. It is as unjust for the police to forcibly take from some and give to others as it would be for me to rob you to aid a person who is the object of my pity. What about instances of distress? Rely on the practice of Judeo-Christian charity. Were the police not preempting this role, true personal charity would be more than sufficient. For another step toward liberty and justice, let us relieve the policeman of this highly questionable activity.

Social security: Why should every person engaged in "covered employment" be compelled to contribute 11.7 per cent of the first $13,200 of his annual earnings to this huge "policemen's benevolence fund"? For the benefit of those already retired? For a chance to draw from the fund if and when he reaches 65 and retires from "covered employment"? Is it justice to force everyone to contribute to this "fund for the future" regardless of the individual's present needs and circumstances or of his own ideas about how best to save and invest his property?

What should a friendly policeman do in this regard? Why not ask that he protect and defend the right of each of us to buy as much or as little insurance as he wants from whomever is willing to supply it? And if either party attempts to defraud the other, let the policeman then intervene as an agent of justice.

Price controls: The police are foes when they control the price of commodities, rent, interest, wages or permit control by labor or business or whoever. Prices are expressions of value judgments. No policeman or anyone else can determine the value of this or that for you or me. Value is always a subjective determination. When

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the policeman tells you what price you must pay or at what price you must sell, he is, in effect, forcing you to buy or sell contrary to your wishes; in other words, he is controlling you. All attempts at price control have failed; the results have been surpluses and shortages and economic chaos. People control is rank injustice.

The friendly policemen let prices be determined in the free and unfettered market, that is, by supply and demand. Liberty and justice!

Paying farmers not to farm: a foe to consumers – who pay more; a foe to taxpayers – who keep less; a foe to the farmers themselves – who degenerate into plunderers.

The friendly way? Be done, "lock, stock, and barrel," with this silly blockage of the market. Restore liberty and justice!

Police-type education: This is featured by three forms of police coercion: (1) compulsory attendance, (2) police dictated curricula, and (3) the forcible collection of the wherewithal to pay the enormous bill. The police have no more place in education than in religion. In my view, police "education" has been one of the greatest errors in American history and this fact is becoming more and more evident with each passing year. The collectivistic jargon issuing from classrooms accounts, in no small measure, for collectivistic practices in all walks of life. Foes!

What then would be friendly? Get the police out of education except to identify any and all misrepresentation, and impose appropriate penalties! Leave education – as we leave religion – to citizens acting freely, cooperatively, competitively, privately, voluntarily. Education is a voluntary taking of ideas freely offered by others, not a police process of stuffing information into a captive audience. The police who side with this view are friends and the upholders of liberty and justice as related to education.

Why give more examples of a list virtually endless? These few specimens – a mere sampling – may suffice to demonstrate the difference between justice and injustice at the hands of the police.

Now to the role of the citizen who believes in friendly police and who is devoted to the proposition that liberty and justice are inseparable. Is there a part for each of us to play if we seek the good society? Indeed, there is! Note the phrasing of a previous sentence: "When the police serve as an agency of justice, we should in all good conscience regard the

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agency as a friend." We *should*, but we *don't*. And this lack of self-discipline may account, as much as any other reason, for the loss of liberty and justice, for runaway police.

It occurs to me that the required discipline may be more unknown than carelessly glossed over. John Philpot Curran said:

> The condition upon which God hath given liberty to man is eternal vigilance; which condition if he break, servitude is at once the consequence of his crime, and the punishment of his guilt.

This oft-repeated axiom is, in my view, the missing discipline. True, the words are well known; it's the meaning that's not known or even suspected. The axiom sounds good, but actually, what does one do to be forever vigilant? How exercise this discipline?

Yes, we rail against injustice but we do not know how to hail justice – or so I believe. Merely take note of the fact that when and if a policeman does something that's just – consistent with liberty – we do no more than regard it as the what-out-to-be and let it go at that. Not vigilance at all; merely static acquiescence. In favor of justice, yes; vigilant standard-bearers, rarely, if ever.

This raises the final question: How does one become a vigilant standard-bearer? Would that it were as simple as a pat on the back to those police who do what's right and just! And even this would not be simple, for there are ever so many who so conduct themselves but whose actions we never hear about. Mere praise does not suffice. All well and dandy, but there's nothing vigilant about that.

What then? The police agencies might soon rise to their principled role were their millions of members to stand ramrod straight. But this for certain, *they will never so behave short of some exemplars among the citizenry.*

Eternal vigilance is nothing less than exemplarity of the highest order on your part and mine – day in and day out, now and forever. A society gets the policemen it deserves; for the police agencies are no more than a reflection of you and me. We aid and abet what's good and just on the part of the police by being good ourselves – by nothing less than personal standard-setting performances.

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Magic, Envy, and Economic Underdevelopment

GARY NORTH

SINCE the great depression of the 1930's, and especially since 1945, the concern of concerns among orthodox Keynesian planners has been economic growth. Believing they had created Western prosperity, they thought to export it to underdeveloped lands through massive giveaways. At some undefined point, these so-called "transfer payments" would enable the recipient nations to become productive. "Primitive" cultures could then become "modern."

But a major question still confronts the historians and economists: what factors contribute to economic growth? Why do some societies grow steadily, seemingly as a result of their own people's efforts, while others stagnate, despite foreign aid? The best answers have been offered by three scholars: an economist (P. T. Bauer), a political scientist (Edward Banfield), and a sociologist (Helmut Schoeck). Bauer, a professor at the London School of Economics, has published several important books on the topic of economic development, but by far his most comprehensive work is *Dissent on Development*, published by Harvard University Press in 1972. The key to economic development in a society, argues Bauer, is the character of the people. The presence of a socialist planning apparatus inhibits development, since it pours money into state-approved projects, bases its decisions on politics rather than economic returns, and acts as a scapegoat for personal failure ("the government did this to me"). But far more important is the attitude of the population:

Dr. North is the commentator on the "Gold & Inflation Telephone Report" (213) 422-1266.

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Examples of significant attitudes, beliefs and modes of conduct unfavourable to material progress include lack of interest in material advance, combined with resignation in the face of poverty; lack of initiative, self-reliance and a sense of personal responsibility for the economic fortune of oneself and one's family; high leisure preference, together with a lassitude often found in tropical climates; relatively high prestige of passive or contemplative life compared to active life; the prestige of mysticism and of renunciation of the world compared to acquisition and achievement; acceptance of the idea of a preordained, unchanging and unchangeable universe; emphasis on performance of duties and acceptance of obligations, rather than on achievement or results, or assertion or even recognition of personal rights; lack of sustained curiosity, experimentation and interest in change; belief in the efficacy of supernatural and occult forces and of their influence over one's destiny; insistence on the unity of the organic universe, and on the need to live with nature rather than conquer it or harness it to man's needs, an attitude of which reluctance to take animal life is a corollary; belief in perpetual reincarnation, which reduces the significance of effort in the course of the present life; recognized status of beggary, together with a lack of stigma in the acceptance of charity; opposition to women's work outside the household. (pp. 78-79).

These attitudes are primarily religious in nature. They are not easily changed, and dollars alone, even billions of dollars annually, are not likely to alter them significantly. A nation dependent on another nation's largesse is still caught in the trap of the occult. The increased wealth is not a product of the recipient nation's planning, conscientious men. It therefore will not teach men that wealth stems from moral action and obedience to basic principles of conduct. The presence of attitudes such as those described in Bauer's summary are the sign of "primitivism." Primitive external conditions that persist in a culture through countless generations are a sign of cultural degeneration – the wrath of God (Deuteronomy 8; 28).

Bauer's favorite example of a population that has pulled itself up by its own bootstraps, without foreign aid, natural resources, or a system of massive central planning, is that little piece of rock south of China, Hong Kong. Free trade, open entry to occupations, low taxes (until quite recently), the right of profit, and an attitude favorable to growth have combined to produce an economic miracle. Even the Japanese cannot compete with them; American capitalists long ago began screaming about the "unfair competition" – read: effective competition – of

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the inhabitants of this bit of rock. But Africa stagnates, with its untold mineral wealth, or even declines economically.

The Unheavenly City

Edward Banfield's gem of a book, *The Unheavenly City* (1970), earned him the wrath of most of the academic profession, as well as the students of Harvard University. So continuous and bitter was the student opposition that Banfield finally left "scholarly" Harvard for the University of Pennsylvania. What was the cause of such an outcry? Simple: Banfield had concluded that the economic backwardness of the ghetto is primarily the product of the chosen style of life of the majority of those who live in the ghetto. Most crucial, argues Banfield, is their conception of the future: they are present-oriented. They want immediate gratification. They want excitement – "action" – to brighten their otherwise dull lives. They want no part of the white middle class and its world of plodding stability. Present-orientation is the key to understanding the concept of "lower class," not present income. Present income can rise later; it can be supplemented by income from other family members. But present-orientedness is internal. There is no imposed solution possible: no school program, with its system of endless written exams; no job training programs, that in 1967 were costing $8,000 per enrollee; no system of rehabilitation for hardened criminals. The problem is spiritual, moral, and cultural. White money changes only the level of activity in the ghetto, not its general direction.[1]

Both Bauer and Banfield have struck at the very heart of modern economic Liberalism. The simple world of environmentalism is a myth, they have concluded. So many dollars per capita of wealth redistribution on the part of civil governments mean nothing. The key is internal. White middle class bureaucrats, armed with their dollars and their survey forms, do not and cannot change anything. The old routine of "find a problem, cure a problem" is too simplistic; money and more public education are insufficient. White middle class bureaucrats have tried to transform men's lives and cultures by spending other people's money. It has been dollar diplomacy of the grossest kind: the attempt to buy people's minds. And it has failed, and failed miserably. The policies of Liberal reformism have constituted a massive, endless failure. The operating presupposition of their programs has been external environmentalism, and that principle is totally false. The problems

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are moral not external. The slums are in people's hearts. Thus, concludes Nisbet in his lively review of Banfield's book, the old formula of Liberal bureaucracy has to be changed, from "Don't just sit there; do something!" to "Don't just do something; sit there!"[2]

Educational Opportunity

Corroborating evidence has been produced in the field of public education. James S. Coleman supervised a major study of educational opportunity in the United States back in the mid-1960's. One estimate has placed it as the second most expensive social science research project in our history. Naturally, the Federal government funded it. The result was a lengthy report: *Equality of Educational Opportunity* (Government Printing Office, 1966). The data were startling. School facilities for black and white children, in any given region of the country, are about equal within that region, and equal in almost every statistically measurable respect. Per capita student expenditures are about the same. So is teacher training. The results have been studied by a number of scholars, and their collective conclusions have been published.[3] The primary conclusion of the Coleman Report and those studying its figures is simple: there is no measurable impact that public schools have had on eliminating or even modifying comparative achievement among students. Furthermore, the data indicate that no known changes in school inputs – teacher salaries, more expensive facilities, bigger school libraries – are likely to have any significant effect on student output. As the editors have written, "the central fact is that its findings were seen as threatening to the political coalition that sponsored it."[4] Understandably, it was ignored as long as possible.

What factors are important, according to the Coleman Report? Primarily, *family* inputs. Innate ability, peer group pressures, and community standards are also important. In short, there is no sign that anything short of radical reconstruction of the whole society would change the learning patterns of students, and there is no guarantee that even this would do anything but lower all performance to the least common denominator. Once again, the simplistic environmentalism of Liberal reformism has been thwarted, this time by its own methods of investigation. This, of course, has had no measurable effect in the calls for ever higher public school budgets. Now the reformers are convinced that public education has to start earlier, "before the lowered level of competence sets in."[5] If a century

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and a half of coercive public education has failed to meet its promised goals, then there has to be more of it. All facts are interpreted in terms of the religious presuppositions of the investigators.

Envy

P. T. Bauer mentioned the belief in occultism as one of the cultural forces of economic retardation. Helmut Schoeck, the sociologist, has explored this in greater depth. His monumental study, *Envy*, has been conveniently ignored by most scholars. The facts he presents, however, are extremely important. His basic thesis is straightforward: envy against the wealth or achievements of others reduces the ability of individuals to advance themselves economically. Envy is not mere jealousy. It is not wanting the other man's goods for oneself. It is the outright resentment against anyone even possessing greater wealth – the desire to reduce another person's position even if this reduction in his wealth in no way improves the position of the envious person. Nowhere is envy more devastating in its effects than in so-called primitive cultures.

If a person or his family get ahead of the accepted tribal minimum, two very dangerous things can easily take place. First, he will be suspected of being a wizard or a witch (which can be the same thing). Second, he can become fearful of being the object of the evil magic of others. As Schoeck writes, "the whole of the literature on the subject of African sorcery shows the envious man (sorcerer) would like to harm the victim he envies, but only seldom with any expectation of thereby obtaining for himself the asset that he envies – whether this be a possession or a physical quality belonging to the other."[6] Understandably, this envy is present only where there is *close social proximity* between the envious and the envied. It is always considered very difficult to bewitch a stranger with any success.[7]

The efficacy of demonic magic is strong in these non-Christian cultures. The fear of magic is pervasive. Thus, the threat of its use against the truly successful man causes men with talents to conceal them from their fellows. Men become secretive about what they own. They prefer to attribute any personal successes to luck or fate, both impersonal.

Institutionalized envy . . . or the ubiquitous fear of it, means that there is little possibility of individual economic achievement and no contact with the outside world through which the community might hope to progress. No one dares to show anything that might lead people to think

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he was better off. Innovations are unlikely. Agricultural methods remain traditional and primitive, to the detriment of the whole village, because every deviation from previous practice comes up against the limitations of envy.[8]

Furthermore, Schoeck writes, "It is impossible for several families to pool resources or tools of any kind in a common undertaking. It is almost equally impossible for any one man to adopt a leading role in the interests of the village."[9] While Schoeck does not discuss it, the problem of institutionalized envy and magic for the establishment of democratic institutions in primitive cultures is almost overwhelming. Once a chief's link to authority is destroyed, who is to lead? If a man cannot point to his family's long tradition or authority or semi-divine status as ruler, who is to say who should lead? Whoever does proclaim himself as leader had better be prepared to defend his title from envy and magic. In a culture in which the authority of traditional rulers has been eroded by Western secularism and Western theories of individualism and democracy, the obvious alternative is *power*.

Perhaps most important as a retarding factor is the effect that envy has on men's concept of *time*. "In a culture incapable of any form of competition, time means nothing."[10] Men do not discuss their plans with each other. Shared goals, except of a traditional nature, are almost absent in magical societies. "Ubiquitous envy, fear of it and those who harbour it, cuts off such people from any kind of communal action directed towards the future. Every man is for himself, every man is thrown back upon his own resources. All striving, preparation and planning for the future can be undertaken only by socially fragmented, secretive beings."[11] Is it any wonder, then, that primitive cultures stay primitive, despite massive doses of foreign aid – state-to-state aid? Schoeck does not exaggerate when he concludes: As a system of social control, "Black Magic is of tremendous importance, because it governs all interpersonal relationships."[12]

The Conditions for Growth

The concept of general economic growth was not present in the pagan cultures of antiquity. It was only in Judaism and Christianity that such a view of life could flourish, precisely because economic growth was understood personally and culturally: it is the product of outward response to basic ethical requirements. Magical manipulation of the environment was rejected officially as an ille-

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gitimate form of economic practice. Prayer to a personal Creator by the humble believer is legitimate; ritual offerings to polytheistic deities or impersonal forces was outlawed. It is not ritual accuracy that God requires, but a humble heart and obedience to ethical laws (Micah 6:6-8). Christianity and Judaism prohibited envy and jealousy. Men are not to covet their neighbor's goods (Exodus 20:17), nor are they to envy the prosperity of the wicked (Proverbs 24:19-20).

The most comprehensive of all colonial American Puritan treatises was Rev. Samuel Willard's *Compleat Body of Divinity,* the largest book ever published in Puritan days (1726). It was a compilation of Willard's sermons on the larger catechism, which took him twenty years of Sunday evening services to finish. The section on the Eighth Commandment, the prohibition of theft, contained a comprehensive critique on envy. Willard denied that we are hurt by our neighbor's advantages. (This fallacy has been called by Mises the *Montaigne dogma,* i.e., the belief that in an exchange of goods, one man's gain is the other's loss. It was a basic error of economic mercantilism, which was a prominent philosophy in Willard's day. Mises correctly argues that this doctrine is at the bottom of all modern theories of class conflict.[13]) Envy, Willard continued, feeds on grief. It leads to mischief. It is utterly unreasonable, hate without a cause. It is an affront to God, for God has set men up for His purposes; envy is an affront to God's purposes and glory in this world. Furthermore, it despises God's gifts. It leads to covetousness (jealousy, in Schoeck's use of the term). Men should not be tempted to take revenge on those who are more prosperous than they are.[14] With preaching like this, men found it difficult openly to envy or covet their neighbor's prosperity. The fruits of men's personal labor could be safely displayed. It would pay men individually to plan for the future, both individually and in groups. The free market could flourish because the ethical supports so fundamental for its existence were provided by Christian preaching and laws against magic.

Back to Magic?

Magic again is coming back into the thinking of Western men. By abandoning the belief in a Creator God and a world of personal law, modern man has been thrown back into the grim polarity of the classical world: blind impersonal fate vs. blind impersonal chance.[15] R. C. Zaehner is quite correct in

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beginning his study, *Zen, Drugs and Mysticism* (1972), with an analysis of the philosophy of the biologist, Jacques Monod *(Chance and Necessity)*. Man is alone in an infinite world, simultaneously determined by and subject to total randomness. This is all the promise of science holds for man: an endless, meaningless process of determinism and indeterminism. Men seek to escape this world by means of *mystical illumination* (meditation, drugs, alpha-wave machines) or by means of *power from below* (magic and revolution). A world without God is a world without meaning. It is a world ripe for the Satanic religion of magic.

From an economic point of view, we already have a widespread philosophy of envy present in industrial societies. If magic is reintroduced to the West, then cultural degeneration is assured. Modern society is not some autonomous mechanism. It needs ethical and philosophical support. We should heed Schoeck's warning: "The primitive people's belief in black magic differs little from modern ideas. Whereas the socialist believes himself robbed by the employer, just as the politician in a developing country believes himself robbed by the industrial countries, so primitive man believes himself robbed by his neighbor, the latter having succeeded by black magic in spiriting away to his own fields part of the former's harvest."[16] Modern secularism and socialism threaten us with economic reversal – the kind of disastrous reversal promised by God in the 28th chapter of Deuteronomy. Magic and envy, whether secular or animistic, are equally primitive.

— FOOTNOTES —

1 Edward C. Banfield, *The Unheavenly City: The Nature and Future of Our Urban Crisis* (Boston: Little, Brown & Co., 1970). A second edition, *The Unheavenly City Revisited* (1974), answers his critics politely.

2 Robert A. Nisbet, "Urban Crisis Revisited," *Intercollegiate Review* (Winter, 1970-71), p. 7. Cf. Christopher De Muth, "Banfield Returns," *The Alternative* (Nov. 1974).

3 Frederick Mosteller and Patrick Moynihan (eds.), *On Equality of Educational Opportunity* (New York: Random House, 1972).

4 *Ibid.*, p. 28.

5 *Ibid.*, p. 49.

6 Helmut Schoeck, *Envy: A Theory of Social Behavior* (New York: Harcourt, Brace & World, 1969), p. 37.

7 *Ibid.*, p. 40.

8 *Ibid.*, p. 47.

9 *Ibid.*, p. 48.

10 *Ibid.*, p. 41.

11 *Ibid.*, p. 50.

12 *Ibid.*, p. 52.

13 Ludwig von Mises, *Human Action* (3rd ed.: Chicago: Regnery, 1966), p. 664.

14 Samuel Willard, *A Compleat Body of Divinity* (New York: Johnson Reprints, [1726] 1969), pp. 750-52.

15 Charles Norris Cochrane, *Christianity and Classical Culture* (New York: Oxford University Press, [1940]), pp. 156-60.

16 Schoeck, *Envy*, p. 41.

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HANS F. SENNHOLZ

GOLD...est Money

WITH THE APPLAUSE of most Americans, President Ford declared inflation to be Public Enemy Number One. At the present rate of inflation our real incomes will be significantly reduced in this decade, retirement incomes will erode substantially, savings will vanish, fortunes melt away, and the economy stammer and falter in a violent fever of hyper-inflation. In fact, the present rates of inflation carry with them the most ominous implications for democratic institutions and peaceful social cooperation.

But this public condemnation of inflation sounds like a public confession of sins in church on Sunday morning. The preacher intones the confession, the congregation accompanies him in loud voices, and then returns home to sin again. The President denounces inflation on Monday and signs another multi-billion-dollar appropriation bill on Tuesday. Politicians who are the noisiest inflation fighters on Wednesday submit more costly bills for economic welfare and distribution on Thursday. The news commentators publicly enlist in the war on inflation on Friday and bravely endorse another costly program for political improvement on Saturday. The following week the ritual is chanted all over again.

The federal government is now declaring war on the inflation it initiated and promoted and which it continues to press forward with ever greater force. The same politicians who now sound like mili-

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tant inflation fighters pushed hard in the past for every dollar of deficit spending. In just ten years, from fiscal year 1965 to 1975, the federal government boosted its spending from $118.4 billion to an estimated $304 billion. Expenditures on "human resources," i.e., income redistribution, alone rose from $35.4 billion to an estimated $151.5 billion. (Education and manpower from $2.3 billion to $11.5 billion; health care from $1.7 billion to $26.5 billion; income security, i.e., retirement and disability, unemployment insurance, public assistance, social services, from $25.7 billion to $100.1 billion; veterans benefits and services from $5.7 billion to $13.6 billion.)[1]

Such a rapid growth of government, however achieved, would have strained the American economy as economic resources were withdrawn from business and individual taxpayers. But this process of redistribution was carried out through the most insidious of all possible methods: deficit spending and money creation. In those ten years the total federal government deficit amounted to an estimated $113.5 billion – since 1970 alone to $77.5 billion.[2] Simultaneously, the quantity of Federal Reserve credit was inflated from $39.9 billion on January 1, 1965 to $90.8 billion at the present. The total money stock, consisting of demand deposits in commercial banks and currency in circulation, rose from $160 billion to $282 billion.

The Costs of Inflation

This has been the worst monetization of Federal debt since World War II. In fact, the 1960's and 1970's have been the longest period of deficit spending and currency inflation since the Continental Dollar debacle during the American Revolution. And the end is nowhere in sight. If the Federal deficit spending merely were to exact economic resources in the amount of the deficit, let us say $20 billion, the economic loss to money holders would be very small indeed, only $20 billion. But the given deficit and its monetization causes goods prices to rise and the purchasing power of the monetary unit to fall, which alters the creditor-debtor relationship of nearly $3 trillion of long-term debt. If the dollar should fall at the modest rate of 10 per cent, the creditors will lose $300 billion and debtors will gain this very amount. At a more realistic depreciation rate of 15 per cent, American creditors are losing $450 billion annually, which is reaped by the debt-

[1] Cf. *The Budget of the United States Government*, Fiscal Year 1975, p. 52.

[2] *Ibid.*, p. 331.

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ors. As the U.S. government is the largest single debtor with an estimated 1975 debt of $508 billion, it is gaining $76.2 billion annually through debt depreciation. But many millions of American creditors are losing a total of $450 billion. This is why inflation is not only a Federal tax on money holders but also a terrible instrument for the redistribution of wealth and income. In fact, the magnitude of this redistribution through Federal inflation, in addition to that through social policy, probably exceeds one-half of American disposable income, and as such is the most massive juggling of economic well-being in the history of man.

A free society that willfully embarks upon such a road is suffering a terminal case of redistribution cancer. It is bound to suffer ever more symptoms of social conflict, poverty and tyranny. A democratic society that has thus been led astray by its political leaders may not expect to get off the inflation road until it elects to return to integrity and honesty. Future national elections will reveal whether the American people chose self-destruction willfully or were just misguided temporarily.

To stabilize the U.S. dollar, the U.S. government must be made to relinquish its monopolistic power over money and banking. As inflation is a Federal policy, the following restrictions on government are needed if inflation is to be halted:

1. The Federal budget must be balanced each year.
2. The engine of inflation, the Federal Reserve System, must be inactivated, or better yet, abolished.
3. The Federal Reserve money now in circulation must be made fully redeemable in gold.

Balance the Budget

Balancing the Federal budget does not necessarily spell the end of economic and social policy by the federal government. But it would mean open redistribution from taxpayers to beneficiaries. Every new expenditure would have to be met with new tax revenue. Both the U.S. Congress and the Administration would have to regain the lost virtues of fiscal discipline and honesty. They would have to cut programs and allocations now in order to avoid large deficits next year.

A balanced budget would greatly reduce the pressures for debt monetization and currency inflation. But it would not guarantee dollar stabilization. The Federal Reserve System as it is now constituted has independent powers of currency inflation and credit expansion. These powers must be

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revoked either through inactivating the System or abolishing it altogether. Only when the engine of inflation is thus stilled can monetary stability be assured.

Inactivate Federal Reserve

Under the influence of the "new economics," which the Full Employment Act of 1946 elevated to a government mandate, the Federal Reserve System is conducting monetary policies of full employment and economic growth. In periods of recession it is expected to stimulate the economy with injections of easy money and credit until satisfactory levels of employment are restored. In periods of inflation the System is expected to stabilize the situation through credit stringency or even contraction. In short, its very *raison d'être* is the manipulation of the American economy according to the recipes of the new economics.

Experience alone would dictate an immediate inactivization of this central command post over the economic lives of the American people. In the sixty years of its existence the Federal Reserve System has presided over unprecedented economic instability — over two depressions of which one was the longest and most severe in American history, over seven booms and recessions, and an inflation that reduced the American dollar to less than one-fifth of its pre-Federal-Reserve value. This is indeed a long record of money mismanagement.

Even if the System had been managed by the greatest financial minds of the century its very premise of central management of money and credit is alien to economic freedom and contrary to stability. The very existence of a money monopoly that endows its fiat issues with legal tender force is antithetic to individual choice and freedom. And by its very nature as a central bank, it must seek to place its currency in the loan markets, or withdraw it, in order to manage and manipulate those markets. Since neither the expansion nor the contraction of fiat money imparts any social utility, we must conclude that Federal Reserve policies necessarily are disruptive to monetary stability. In particular, its frequent bursts of currency expansion, so popular with government officials, politicians and their beneficiaries, have given our age the characteristics of unprecedented monetary instability.

Notes Remain in Circulation

To inactivate the engine of inflation does not mean withdrawal of all its money and credit. For lack of other money, Federal Reserve notes now in the people's

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cashholdings and member bank reserves now held by the System, should remain in circulation. After all, deflation, i.e., reduction of the money stock, would necessitate corresponding price and wage reductions, for which neither business nor labor are prepared.

When man is free he chooses natural money that is free from all strictures of government and politics. Gold is world money that unites all countries in one monetary system and facilitates peaceful exchange and division of labor. For more than two thousand years its natural qualities made it man's universal medium of exchange. In contrast to political money, it is honest money that survived the ages and will live on long after the political fiats of today have gone the way of all paper.

Redemption of the U.S. dollar in gold would be a simple undertaking that needs no central bank, no Federal plan or policy, merely payments in gold. At a given market exchange ratio between the paper and gold, the federal government merely resumes payment of the gold it forcibly seized from the American people in 1933 for the paper it issued since then. People thus would be free again to choose between the paper notes, the quantity of which is rigidly limited, and the gold now hoarded in Fort Knox. Every ounce of gold that is withdrawn would reduce the quantity of paper, which would become a mere substitute for gold, the money proper. Thus, once again, the people of the United States would have hard and honest money, the golden cornerstone of a truly great society.

Political vs. Natural Money

The gold standard functions with the force and inevitability of natural law, for it is the money of freedom and honesty. Society may temporarily depart from it in the vain hope of replacing it with political money that is managed and manipulated for political ends — used and abused as an instrument of public plunder. So the people must choose between political money, of which they may try another issue or series, and natural money. In the end, a society that prefers social peace over conflict, individual freedom over government coercion, wealth over poverty, has no alternative but to use honest money, which is gold.

Returning to the gold standard, it is true, would precipitate a serious economic readjustment, commonly called a recession. But this is not the fault of gold. The political paper leaves behind a vast array of maladjustments and malinvestments that need to be corrected. In fact, they would be corrected in any case, sooner or

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later, when the creation of paper comes to an end.

The economic recession need not be long and severe, provided the federal government does not stand in the way of the necessary readjustment. After so many years of false stimulation through easy money and credit, many mistakes need to be corrected; some projects should be abandoned and others initiated. The whole economy needs to readjust to the wishes and commands of the millions of sovereign consumers of a free economy.

Reduce the Obstruction

It is important that the federal government does not intentionally or inadvertently obstruct the return to hard money. When the readjustment recession sets in, the federal government must not be allowed to resume deficit spending. Like anyone else, it must reduce its spending when its revenue declines. In particular, it must not be allowed to impose new tax burdens at this critical moment of recession and readjustment. It must not repeat the supreme folly of the Hoover Administration which, in 1932, doubled income taxation. Also, the federal government must not be permitted to operate with deficits that are financed with the people's savings. The U.S. Treasury entering the loan market at that critical moment of painful readjustment would deprive business of urgently needed funds and greatly raise business costs through soaring interest rates, which again would aggravate the recession and generate more unemployment. And what would be blamed for the dilemma? The fiat inflation that caused the maladjustments, the deficit spending that is aggravating it, or the gold standard? The deficit spenders would doubtless try to lay the blame on the doorsteps of gold.

An administration that welcomes monetary stability would balance its budget even though its revenue declines. It would avoid placing new burdens on business during the readjustment period. It might even strive to lighten the tax load in order to hasten the recovery. But such a reduction of tax costs must not be negated by new deficits that burden the capital markets and raise interest costs. To reduce the costs of government and facilitate speedy recovery means to reduce government consumption of economic resources, not merely a change of finance techniques from taxation to borrowing.

Relaxation of Controls

A significant reduction of Federal spending not only would save

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funds and resources but would also enhance productive employment. For currency stability, it does not matter which particular expenditures are reduced as long as the budget is balanced. Of course, it would be beneficial to productivity and quick adjustment if Federal controls were substantially reduced and bureaucratic regulation relaxed or abolished. Many industries can be revived through all kinds of de-regulation. With distressing monotony, Federal regulation has produced sick and anemic industries. The ICC's strangulation of the American transportation industry, for instance, has done incalculable harm that exceeds by far the budget expenditures of the controllers. The boost to productivity from a liberation of business energy could not come at a better time.

An administration that welcomes monetary stability would want to facilitate a speedy readjustment through significant cuts of business taxes. A roll-back of corporate income taxes, for instance, would make corporations more profitable, which would boost capital investments, create new jobs, raise output and wage rates, and otherwise smooth the readjustment process.

The time clearly has come for a public commitment to the preservation of the U.S. dollar. The ultimate destination of the present road of political fiat is hyperinflation with all its ominous economic, social and political consequences. On this road no Federal plan or program, incomes policy, control or nationalization, no threat, fine, or prison can prevent the continuous erosion and ultimate destruction of the U.S. dollar. The only alternative is to abandon this road of political fiat and return on the proven path of our forebears to honest money, which is gold.

IDEAS ON LIBERTY

Double Punishment

THE WELFARE STATE is one that robs Peter to pay Paul, and its success lies in the fact that Paul is fully aware and grateful for the benefit received while Peter is bewildered over the identity of the robber. He is apt to blame the tradesman over whose counter he pays his shrunken dollars, and thus private enterprise is doubly punished.

E. C. RIEGEL

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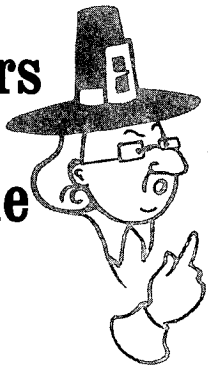
Blunders of the Founding Fathers



CHARLES R. LADOW

AS GLADSTONE SAID, "The American Constitution is the most wonderful work ever struck off at a given time by the brain and purpose of man." It certainly is a distillation of the best of political thought, from Aristotle down to that remarkable collection of hard-won traditions which make up the British Constitution. Both Constitutions possessed the inevitable fault that they were unable to guarantee the persistence of the breed of thinking which produced them. I cannot recall who said: "Marriage is a well-nigh perfect institution; but very few are fitted to practice it." This observation applies equally to our Constitution. Madison and his peers must certainly groan in their graves, if they could but know what their successors have done to the institutions they founded.

Mr. LaDow, of San Diego, recently retired as a teacher of social studies in high school.

It would be well to ask what basic errors the founding fathers made in that instrument. Even if the errors were erased, the danger would still arise that scamps and the ignorant would manage to dilute its purposes; however, erasure of the most obvious mistakes in its construction and early execution could remove some of the opportunities for the tragic distortion of our basic law which has ensued.

The basis of any law is its intent, which existed in the meeting of minds of its promulgators. To maintain otherwise is to allow that any judge may interpret its intention to suit his own notions. Neither our Constitution, nor the legislatures for which it provided, were designed for such futile purpose. Its ratification signified binding agreement with the Convention's intent by all parties to our government. Provision for amendment was intended to allow

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for correction of inevitable oversights, such matters as we here address ourselves to; not to alter the fundamental purposes and spirit of the document. To hold otherwise is, as Chief Justice John Marshall said, in *Marbury vs. Madison,* to render the Consituation "an absurd attempt to limit a power in itself illimitable." A contract means what its signatories intended it to mean. Sacredness in the intent of contracts was reiterated in the *Dartmouth College* case.

The Declaration of Independence

So many persons, both learned and unlearned, prefer to cite The Declaration of Independence as the spiritual source of the Constitution that it may be well to inspect its key intent. The words, "We hold these truths to be self-evident; that all men are created equal . . ." are the most often quoted, and speakers vie with one another in attributing meanings to, or heaping scorn on, this fine example of rhetoric. Some light can be thrown on the intent of the author of the Declaration by examining Jefferson's original draft. The same passage read: "We hold these truths to be sacred and undeniable; that all men are created equal and independent . . ." Jefferson thus avoided turning a noble religious concept into a logical canon. The addition of the qualification of "and independent" clearly implied a firm individualism foreign to many who use this passage to fortify collectivistic purposes. Not knowing how Jefferson's words came to be altered, one can suspect that it was one of those common disasters of committee work. Anyone who knows the thinking of his peers would suspect that they were in agreement with his original intent, but were probably just word-trimming.

How John Locke's "Life, Liberty, and Property" became "Life, Liberty, and the Pursuit of Happiness" is another matter. Jefferson was not a dogged plagiarist, and probably liked the ring of it. It does sound less pedestrian than Locke's bit; but that certainly does not mean that its intent was foreign to its origin. The love that Jefferson bestowed upon Monticello and all other fine things tells us of his awareness that private property is a considerable essence of happiness. That "and independent" nailed it down. How can one be independent if the right to private property is not sacred?

Turning to the Constitutional Convention, the main conflict of opinion was between the Federalists and Anti-federalists. That the differences of these factions were not ineluctable was shown by their

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ability to come up with the document. Later addition of the Bill of Rights, most especially the 9th and 10th Amendments, represented satisfactory resolution of their differences. Individual misgivings remained, but the ratification of nine states made the Constitution the law of the land.

Differences of interpretation later led to war, but the Confederate Constitution was a virtual copy of the original. Its preamble called for the establishment of a "permanent Federal Government" and the main objection it sought to remove was Federal invasion of rights reserved to the states by the 10th Amendment. Presuming correctness of this objection, original misgivings of the Anti-federalists had some justification, as subsequent developments have borne out. Without equivalent amendment to legalize the changes, states rights are being legislated out of existence or eroded by court decisions.

The Intent Is Clear

Whatever flaws we may detect in the Constitution, the essential drive of the original document is crystal clear. Precisely its whole thrust is the protection of individual liberty and the careful restriction of government inroads, most especially those of the Federal government. Perhaps the original requirement that all direct personal taxes must be equal (abrogated by the 16th Amendment) was the most essential safeguard. Not only did it ensure the sacred principle of equality enunciated in the Declaration of Independence and make certain that all individuals would be equally interested in governmental economy; but it was an effective stay against the corruption and totalitarian moves which mark our government today.

"The power to tax is the power to destroy" and nothing can be more important than limiting governmental power. It cannot be too often pointed out that the Bill of Rights, revered even by our socialists to a point which outweighs the main body of the document, is totally a list of "thou shalt nots," like the Ten Commandments, directed at the Federal government. Congress breaks the spirit of some of those commandments every term it sits! In view of today's regimentation in a nation of once free men, let us try to see what the founding fathers have done that has allowed matters to get so out of hand.

Money and Banking

It has been pointed out, by Leonard Read and others, that the Constitutional power given Congress to "coin money and es-

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tablish the value thereof" was only intended to be a "Bureau of Standards" operation, like weights and measures, to assure fair measure in trading. That fits the limiting sense of the document, as we have noted. However, the founders put no stipulation upon the substance of the coinage. With their recent experience with "Continentals," they might suspect that coins might easily become paper and that, eventually, "setting the value thereof" might have no relation to its purchasing power. Granting power to "borrow money on the credit of the United States" assured such an outcome. That same Revolutionary experience should have indicated the propensity of government, in a pinch, to monetize its debt (Hamilton's "funding of the debt") to let coming generations pay it, and allow speculators to profit therefrom. Anti-federalists understood this; but they failed to insist on a restrictive clause, forbidding the issuance of Federal paper. That blunder is responsible for our current national debt and ungoverned inflation which attends its ongoing monetization.

Even the necessity of governmental coinage is brought into question by the story of the Denver Mint. It was started by two gold buyers to avoid the risks of primitive transportation of their commodity to the Philadelphia mint. (Even Brinks has known security problems!) Their private striking of coins exercised the Federal Treasury men, who sought to undo their activity. When investigation showed that their coinage even exceeded Federal standards, the T-men were stymied. However, continual harassment caused one of our entrepreneur's wives to suggest that they strike a deal. With the stipulation that the treasury maintain the mint, achieving their original purpose, they sold the plant to the government. The mint now stands on ground once owned by the private enterprise that founded it.

There are a number of fine private mints today, perfectly capable of taking care of the coinage according to any standard of weights and measures. Current suspicions, in Congress itself, regarding the real quantity of gold remaining in Fort Knox raise the question of the fitness of government even to be trusted with the materials of coinage. Constant centralized burning of worn monetary notes raises added questions of security. Decentralization of risks is a first consideration of safety, as every miser knows in stashing his hoard.

Anti-federalist arguments against a national bank are too well-known for recounting; but,

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here again, opponents of such an institution failed to see that its proscription was printed in the Constitution. At that, Hamilton's success in getting a bank bill passed was achieved by a Federalist bribe: agreement to move the capital city to the Potomac. The founding fathers had their Watergates too! Let it suffice to point out that this Constitutional oversight opened the Pandora's box from which finally emerged the Federal Reserve which, combined with Treasury paper, is the source of our current monetary woes.

Post Office

"Establish post offices and post roads." In itself, the Post Office is a minor irritant, except perhaps to those who, like *Life* and *Look*, attribute their failures to its ministrations. However, the blind faith in the necessity for that Federal institution, only recently coming into more question, has undoubtedly evoked chain reactions in various directions. Railroads, airlines, airports, automotive transport, and all the facilities pertinent thereto have been touched by this clause. Success and failure of private enterprise in all these areas has, in some measure depended on Post Office policies. Special privileges for those engaged in these fields and many attendant portions of the market show little respect for the uses of competition. As we are beginning to realize, governments are the only true monopolists; and monopolies affect the welfare of all their suppliers, being cruelest to the smallest. (For example, United Parcel may survive; but what happened to local, one-truck, parcel deliveries – an activity open to the unemployed?) Of course, the disastrous aspect of the institution is its inevitable inefficiency, which is an economic burden on everyone. Establishment of the Postal System as a public corporation was an admission of the foregoing. Its failure to ameliorate the condition was foregone from the start. It can no more do the job than can public transportation systems of any sort. The difficulty of mail delivery in 1789 made the Convention's inclusion of this clause plausible; but the outcome has not justified the act.

Interstate Commerce

On the face of it, delegation to Congress of the power to regulate interstate commerce was a sagacious and necessary step. The entire history of states has been marked by trade wars, tariffs, and embargoes. It was presumptive that our states, from the thirteen to the fifty, would have engaged in such activities; and avoiding that was of the utmost importance.

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However, there was no stipulation limiting the excercise of this power and it should have been foreseen that it could generate interference with commerce even more onerous than the faults it curbed in the states.

The founders were fully aware of the dangers of governmental powers, as exposed in their so recent detailed charges against King George. They would have been naive indeed to suppose that "it could not happen here." It would not have unduly cluttered the proper brevity of the instrument to add a clause restricting the commerce power to that legitimate stoppage of state interference in trade. Perhaps the proscription of state tariffs should have served that purpose; but the interstate commerce clause opened one of the greatest loopholes into which Federal power has increasingly surged. So, this must count as another error, encouraging the bureaucracy which now so drains our productive resources, upsetting trade and hamstringing enterprise.

Education

Nothing was said in the Constitution about education. It has been suggested that this benign neglect was sufficient and that the 9th and 10th Amendments should take care of that danger of power extension. After all, no power was delegated in that field. However, four years before the first Federal Congress was seated the Ordinance of 1785 had been passed, arranging for a section (640 acres) out of each township of public lands, plus one-third of the revenue of all gold, silver, lead or copper mines, to be gifted to public education. Thus one-thirty-sixth of the future developing nation's most basic resources, land, plus promise of a large share of its mineral wealth, was deeded to ensure the prevalence of public schools. So dear to the democratic tradition is the sacredness of public education that one might be burned for heresy for questioning that Ordinance, or the loophole which made it possible. However, when we look to the development of education in the original 13 states, we see that it progressed splendidly without such paternalism. Although the land grant colleges and universities, with their rich public resources, have been able to purchase a good deal of eminence, they have hardly excelled the great Eastern schools, or even private schools elsewhere, which were built without the boon of such public largesse.

Once public money walks into education, schools are on their way to sure politicization. Management of curriculum and all other aspects

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of our public schools, from kindergarten to the doctorate, is now politically determined. What that means was well said by Albert Jay Nock: "The whole institutional life organized under the popular idea of democracy . . . must aim at no ideals above those of the average man; that is to say, it must regulate itself by the lowest common denominator of intelligence, taste, and character in the society it represents." Because most private colleges depend on some Federal grants to survive, and because government threatens to withhold such grants if they do not comply with some regulations supporting the above nonsense, our private schools now suffer from this political disease in an increasing degree, becoming adjuncts of statism.

So much said about a subject not mentioned in the Constitution may seem like "whipping a dead horse"; but one is sure that it will be agreed, considering the proportion of our productivity which is consumed by public education, and the avidity with which all parties pursue its trappings and labels, if not its essence, that our time is not wasted. Let us just say that the founders should have positively told Congress to keep its hands specifically off education. It is bad enough to have the states meddling in it; but they wouldn't have gotten nearly so far without that original 1785 handout and all the perquisites which inevitably followed it. Education is altogether too important a thing, being the development of the individual, for government to have anything to do with it. If government were capable of directing the development of individuals, its products would not be free men. We have seen the effort made, not too long ago, in Germany, Italy, and Japan; and the *Gulag Archipelago* is available to all readers. States "shape" people. Individual efforts may enlighten them.

Public Works

Provision for public works makes sense. Government can't carry on in a wheatfield. There must be buildings, equipment, forts, drillfields, and armaments, although, under statesman-like management, a company of Swiss Guards might do. Still, let us be reasonable. Statesmen are rare and few of us qualify. Let politicians have what they need. But do they need over seventy per cent of the land in the Western states? Do they need a publicly funded dam on every stream? When they have turned our most attractive lands into parks, do they need to assault the moon?

By the time the Southern States seceded, they saw the way the wind

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was blowing. In their Constitution, they corrected this oversight of the founding fathers. They provided that the central (Confederate-Federal) government would not be allowed to erect public works in any state. Had they won the war, think what that would have meant to Muscle Schoals, T. V. A., and the multitude of other Federal boondoggles which were to come! Would that mean that we now would be suffering poverty in the midst of an ecologist's paradise? No. Henry Ford had the plans all worked up for Muscle Shoals. It would have been attractive even to ecologists, for old Henry, crotchety as he was, never made an ecological mess in his life. He was too neat and thrifty. His plan would have cost the taxpayers nothing and would have created thousands of taxpayer's jobs without adding a soul to the public payroll (unless some unnecessary inspectors were sent around).

If you hadn't noticed it, private operators have to be neater than government. To succeed, they have to court the consumer. Government enterprises have no such compulsion, and we are still paying for most of those public works. A good deal of the payment is in the form of inflation, as earlier explained; but we are directed to blame that on butchers, or cattlemen who slaughter young calves. It is not exonerating the "middlemen" or producers from such foolishness to point out that they are not the guilty ones. They, like their consumers, are the angry victims of bad political economy. Sane policy requires that everything that can possibly be done by private initiative and support should be left to the people. Not only is that the requirement of Articles 9 and 10. It is also the way that works best.

The Elastic Clause: Art. I, Sec. 8., Par. 18

Perhaps the most glaring *gaffe* of the Convention was the inclusion of the "elastic clause." To specify delegated powers, but to invite future legislators to decide what is "necessary and proper" in the extension of those powers, is to encourage altering the intention of the document without amendment. This is just what has happened. Erasure of such practice was the essence of the decisions in *Marbury vs. Madison* and the *Schechter Poultry* case. From the administration of John Adams to that of Franklin D. Roosevelt, the Supreme Court held the clear intent of the Constitution superior to common legislation. Later, even the Court has assisted in rewriting that intent.

To clarify that last statement regarding the Court, let the reader

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consult *The Reconstruction Amendments' Debates*. While it is not within the scope of this paper to go beyond the original Constitution and Bill of Rights, this reprint from the *Congressional Globe*, by the Virginia Commission on Constitutional Government, contains the sense of Congress in writing the 13th, 14th and 15th Amendments. No more than the 16th Amendment have these Reconstruction Amendments stayed within the boundaries of their intent. Compare legislative arguments clarifying Article 14 with the host of recent Court decisions, including *Brown vs. School Board*, to see what I mean, remembering the principle that laws must mean what they were intended to mean by their framers. Otherwise, we are in the world of Humpty Dumpty: "When I use a word . . . it means just what I choose it to mean."

Returning to the "elastic clause," at any rate it violates the rhetorical economy of the document. Legislators will expand their domain without any encouragement. It is unnecessary. Like the "general welfare" clause in the Preamble, it is subject to infinite expansion in interpretation. Properly understood, the latter clause is unobjectionable, of course, unless it is construed to mean establishment of a welfare state, which is absolutely and clearly alien to the purposes of the founding fathers. They saw the general welfare as consisting of the liberty-under-law of individuals, which the Constitution was established to protect from excessive government itself, or the invasion of foreign power.

What Can Be Done?

If the foregoing reasoning is correct, what can be done about it? First, are conditions suitable for any corrective action? Well, it is generally agreed that government approaches an inability to govern. Neither the President, nor Congress, is able to control the Frankenstein bureaucracy it has created, which has become, essentially, a law unto itself. By all accounts, public faith in politicians, of whatever brand, is at an all-time low. Congress attempts to make the Executive the scapegoat; but is prevented from anything more than palliative action by the power delegated to the bureaucracy created by Congress itself and which outruns Executive power. Querulousness and backbiting characterize the scene, obscuring any real issues. Such an organizational vacuum invites leadership.

At this point, Amendments and/or the erasure of some amendments by the process, should be a possibility; but such action would only

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be cosmetic surgery, failing to get to the root of the disease. They would be time-consuming, while affairs would continue to drift. For instance, consider how long the Liberty Amendment (abolition of the Income Tax) has been drifting around. Presumably state governments are too busy spending Federal money to give it much time. Altogether, it would seem that a piecemeal approach would not engender the interest or enthusiasm required.

At this point, a real possibility for leadership should be open to state Governors. If at least two-thirds of them could agree, they could ask their legislatures to call for a National Constitutional Convention. Conditions being as they are, it is not impossible that Congress would honor such a request and call the convention.

Considering the current shambles of political philosophy in this nation, there is a great risk in such a step; but there is even greater risk in allowing matters to drift. Bicentennial celebrations draw attention to the purposes of the founding fathers. Polls indicate increasing conservatism among the electorate. The supply of free market economists and political traditionalists is sufficient to expose our basic tradition. One can never be sure about timing, except, sometimes, in one's own affairs; but it would be hard to project a better time for reconsidering our priorities. Where is the person who does not long for a way out of this nightmare? Some call for revolution; but they are still few and very confused. The hunger for liberty is still strong in individuals and calls only for certain direction toward it.

If this enumeration of blunders in our original Constitution is acceptable, it might be offered to that Constitutional Convention as a beginning to its considerations. Our forefathers improved the Articles of Confederation. They would certainly not object to our retouching their masterpiece, so long as it verifies their intentions. Since all factions of any consequence professedly hold that document in reverence, placed face-to-face with it they should not do it harm. At the very least, it would be fruitful to study it. Going over it, phrase by phrase, and debating the thrust of each clause, would be sound exercise for any politician. Even if they came to no conclusive action and adjourned *sine die,* the action should produce nothing but good for the future of this nation. And, if they could find a few words, and let them be few as in the original, to close up such loopholes as herein mentioned, we might be well on the way to "clean up that mess in Washington."

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The ORGANIZATION or the INDIVIDUAL?

WILLIAM H. PETERSON

WHY THE FAILURE of modern economics – the vaunted "New Economics" of John Maynard Keynes? As one interventionist scheme after another misfires – from the War on Poverty to the War on Inflation – people are bewildered and forlorn under the impact of "stagflation," a vicious combination of rising prices *and* rising unemployment.

The dilemma of the economic managers can be seen in the statement of Dr. Walter Heller, President Kennedy's chief economic adviser and former president of the American Economic Association, to the Association's annual meeting in December 1973: "Economists are distinctly in a period of re-examination. The energy crisis caught us with our parameters down. The food crisis caught us, too. This was a year of infamy in inflation forecasting. There are many things we really just don't know."

Or consider the conflicting counsel fed to President Ford during his period of Economic Summitry. An editoral writer for *The Wall Street Journal* (September 27, 1974) called the counsel a "Tower of Babel." The nation's leading economists, bankers, industrialists, labor leaders and consumer representatives counseled the President to cut taxes, raise taxes, leave taxes unchanged, reduce some taxes while increasing others. Again, the President was advised to allocate credit, leave credit alone, tighten credit, ease credit. Or again, he received recommendations to re-impose wage-price controls, set wage-price guidelines, let wages and prices find their own levels.

Plainly, something is wrong with modern economics; really many things are wrong with the dismal science in the 20th century. But it is beyond my scope here to

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try to spell out and correct all the manifest errors of modern economics, save for one point – its basic approach. I submit that one reason for the breakdown of current economic policies lies in their fundamental unit of analysis – the decided preference for the organization over the individual.

In economic analysis, the individual is *It,* the unit of account, the centerpiece of understanding, the *raison d'etre* of all activity. Without his direct incentive and whole-hearted participation, no "social" scheme or economic plan is likely to work. In fact, the dazzling failure of Keynesianism in the 1960's and 70's can be directly traced to Keynes' virtual omission of the individual as such in his *General Theory,* published in 1936. Premonitions of this omission can be found in Keynes' earlier statement in 1933:

> The decadent international but *individualistic* capitalism, in the hands of which we found ourselves after the war, is not a success. It is not intelligent, it is not beautiful, it is not just, it is not virtuous – and it doesn't deliver the goods. In short, we dislike it and are beginning to despise it. But when we wonder what to put in its place, we are extremely perplexed.[1] (Italics added.)

[1] John Maynard Keynes, "National Self-Sufficiency," *The Yale Review,* Summer 1933, pp. 760-61.

Focus on Individual

Mind you, my focus on the individual in no way is intended to disparage the need for social organization to achieve greater cooperation. Yet such organizations must appeal to the self-interest of individuals to elicit their cooperation. Moreover, that cooperation has to be voluntary if an organization is to succeed.

Unfortunately, many economists and commentators not only overlook the individual but compound the error by speaking of the "decisions" of various organizations. These organizations include businesses, newspapers, clubs, unions, nations, and so on. For example, economists and non-economists talk of the actions of IBM and ITT, of France and Germany, of the Organization of Petroleum Exporting Countries and the United Nations as thinking and acting entities. In this vein, people talk of what Chrysler has to say on auto emission standards, or what *The New York Times* had to say on some issue. But the *Times* is an aggregation of thousands of employees and stockholders. Hence it is more accurate to talk of what some editorial writer for the *Times* had to say on a specific issue.

The key to my argument is that all organization decisions are, in the final analysis, individualistic.

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That is, any decision, whether made in the name of the UN or in the name of Chrysler, can be made only by individuals. This means that each individual, whether he is a delegate to the UN or an executive of Chrysler, must make up his own mind. To be sure, his boss may pressure or even direct him; but his boss is still another individual, and so the principle holds.

Moreover, as the individualistic approach in economics makes clear, only individuals can think and act. Organizations, on the other hand, cannot think or, in a fundamental sense, act. As Ludwig von Mises noted:

> A collective operates always through the intermediary of one or several individuals whose actions are related to the collective as the secondary source. It is the meaning which the acting individuals and all those who are touched by their action attribute to an action, that determines its character. It is the meaning that marks one action as the action of an individual and another action as the action of the state or the municipality. The hangman, not the state, executes a criminal.[2]

The relevance of this statement to economic issues becomes clearer. The "wars" on poverty, unemployment, inflation, pollution and so on can only be understood in light of the collective approach to economic analysis – the preference for the organization over the individual.

To be sure, this approach is frequently put forth in the name of "the public interest," and, after all, the public is of course an aggregation of individuals. Scores of interventionist acts by parliaments, assemblies and congresses are so passed – and so fail. Yet the reason that these acts misfire lies in a fundamental misapprehension of the individual and his motivation.

An Invisible Hand

Oftentimes, legislators and economic managers, acting under this misapprehension, appeal for altruism and "the common good" rather than self-interest. But as Adam Smith observed in *The Wealth of Nations*:

> As every individual . . . endeavors as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends

[2] Ludwig von Mises, *Human Action* (Chicago: Henry Regnery Company, 1966), p. 42.

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only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good.[3]

Two historic examples of appeals to individuals to work for "the public interest" are the experiences of the Plymouth and Virginia colonists in the early Seventeenth Century. In each case, the colonists were asked to cultivate the fields in common, with the harvests going into a common storehouse. Communal cultivation failed in both cases despite the religious fervor of the colonists. As Governor Bradford wrote in his history of the Plymouth experience:

For the yong-men that were most able and fitte for labour and service did repine that they should spend their time and streingth to worke for other mens wives and children, with out any recompense. The strong, or man of parts, had no more in divission of victails and cloaths, than he that was weake and not able to doe a quarter the other could; this was thought injuestice . . .

They Tried Freedom

The elders of the Plymouth colony were in a quandary, with famine and extinction facing them. How could they get the colonists to apply themselves for their own salvation? With luck they hit upon the idea of free enterprise and private ownership. The outcome was spectacular:

By the time harvest was come, and instead of famine, now God gave them plentie . . . And the effect of their particuler [private] planting was well seene, for all had, one way and the other, pretty well to bring the year aboute, and some of the abler sorte and more industrious had to spare, and sell to others, so an any generall wante or famine hath not been amongst them since to this day.

Similar results marked the experience of the Virginia colony, as reported by Captain John Smith:

When our people were fed out of the common store, and laboured jointly together, glad was he could slip from his labour, or slumber over his taske he cared not how, nay, the most hon-

[3] Adam Smith, *The Wealth of Nations* (New York: The Modern Library, 1937), p. 423.

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est among them would hardly take so much true paines in a weeke, as now for themselves they will doe in a day...

Does all this mean that the free and responsible individual following his self-interest puts aside any feeling for cooperation with others and for the plight of others? No, it doesn't. It means that the free and responsible individual recognizes his duties and obligations in all relationships he has voluntarily entered. He recognizes that he benefits from cooperation with other individuals, that he shares in the knowledge of others, that he consumes the production of others, and that he enjoys the company of others.

But the free and responsible individual naturally objects to being his brother's keeper – by law. He objects to being made to do good – by law. He objects to being required to sacrifice for others – by law. In all these instances, he is taken for granted – treated as a cog in a state machine.

The individual can become resentful. As he loses freedom, he tends to shed responsibility. Recall the era of Prohibition when Uncle Sam issued the 11th Commandment, "Thou Shalt Not Drink." But the individual drank as never before, and today we justly remember the era as the "Roaring Twenties."

For the Good of the Whole

Still, the appeal to the individual to suppress his own interests for the "good" of all goes on and on – no matter, it seems, what the form of government.

Proclaimed Joseph Goebbels, Nazi minister of propaganda and an official of the National Socialist Workers Party: "To be a socialist is to submit the I to the thou; socialism is sacrificing the individual to the whole."[4]

Said Stalin: "True Bolshevik courage does not consist in placing one's individual will above the will of the Comintern. True courage consists in being strong enough to master and overcome one's self and subordinate one's will to the will of the collective, the will of the higher party body."[5]

Hitler: "It is thus necessary that the individual should finally come to realize that his own ego is of no importance in comparison with the existence of his nation . . . that the higher interests involved in the life of the whole must here set the limits and lay down the duties of the interests of the individual."[6]

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4 Quoted by Susan Love Brown and others in *The Incredible Bread Machine* (San Diego: World Research, Inc. 1974), p. 135.

5 *Ibid.*

6 *Ibid.*, p. 136.

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Yet political thoughts predicated on the submergence of the individual are not alien to democracies. In our own country, for example, President Johnson declared: "We are going to take all of the money that we think is unnecessarily being spent and take it from the 'haves' and give it to the 'have-nots' that need it so much."[7] And, in a similar vein, President Kennedy said: "Ask not what your country can do for you – ask what you can do for your country."[8]

As the authors of *The Incredible Bread Machine* comment: "It is by taking humanitarianism to its logical political consequence that dictatorships are established and the rights of individual people ravaged. Controlled housing. Controlled prices. Controlled wages. Controlled business. Controlled unions. Controlled money. Controlled banking. Controlled television. Controlled news. *Controlled people.*"[9]

Controls, in other words, fail to comprehend the inescapable individualistic nature of human action. Inadvertently or advertently the controllers accept the doctrine of behaviorism – the idea that men react rather than act, that, bluntly, people are sheep. In one degree or another, the controllers move along the pathways of the Behaviorist School of psychology. Let me, then, set forth two contrasting propositions relating to the organization or the individual.

Proposition Number 1: There are no mysteries to human nature because there is no human nature. . . . I propose to abolish autonomous man, the man who believes in freedom and dignity. His abolition is long overdue. He has been constructed from our ignorance and as our understanding increases, the very stuff of which he is composed vanishes. To man qua man we readily say good riddance. "How like a god!" said Hamlet. Pavlov, the behavioral scientist, emphasized "How like a dog!" That was a step forward.[10]

Proposition Number 2: Human action is necessarily always rational. . . . Man is a being capable of subduing his instincts, emotions and impulses; he can rationalize his behavior. He renounces the satisfaction of a burning impulse in order to satisfy other desires. He is not a puppet of his appetites. A man does not ravish every female that stirs his senses; he does not devour every piece of food that entices him; he does not knock down every fellow he would like to kill. He

7 *Ibid.*, p. 135.
8 *Ibid.*, p. 136.
9 *Ibid.*, p. 138.

10 B. F. Skinner, *Beyond Freedom and Dignity*, (New York: Knopf, 1971), pp. 200-201. Quoted and slightly paraphrased by Albert H. Hobbs, "Dignity and Degradation," *The Intercollegiate Review*, Summer 1973, pp. 243-54.

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arranges his wishes and desires into a scale, he chooses; in short, he acts. What distinguishes man from beasts is precisely that he adjusts his behavior deliberately.[11]

Skinner's Behaviorism

The first proposition, viewing man as little more than a white rat in a laboratory maze, as a reactor rather than an actor, is penned by America's leading proponent of behaviorism, B. F. Skinner. Dr. Skinner tells us the individual behaves according to his environment and the stimuli of the moment. This individual behavior is supposedly quite predictable and hence quite controllable – by others. Accordingly, Dr. Skinner refers approvingly to "operant conditioning" and "environmental determinism." The good Doctor tells us environmental factors "are the things which make the individual behave as he does. For them he is not responsible and for them it is useless to praise or blame him."[12]

So good-bye responsibility, self-determination and self-control. Man is beyond freedom and dignity. He responds but he is not responsible. He is but an animal, anything but a thinker. This approach extended to economic analysis renders man into little more than a statistic, buried in a letter symbol in a Keynesian formula.

In sharp contrast to the behaviorist view of the world is the work of Ludwig von Mises, epitomized in Proposition Number 2. The Misesian man is a thinker – to be sure, rarely a profound thinker, but a thinker nonetheless. Mises also points out that man is the only animal who has a highly individualized scale of values and system of goals. In fact, man is the only animal who conceptualizes scarcity as a law of life, who ranks his preferences, who is aware of time, who is aware of his mortality.

Accordingly, man is the only animal who engages in division of labor and exercises what Adam Smith called "the propensity to truck, barter and exchange one thing for another."[13]

Smith also noted that man is the only animal who makes bargains: "Nobody ever saw a dog make a fair and deliberate exchange of one bone for another with another dog. Nobody ever saw one animal by its gestures and natural cries signify to an-

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11 Mises, *op. cit.*, pp. 16-19.

12 B. F. Skinner, *Science and Human Behavior*, (New York: Macmillan, 1953), p. 448. Quoted by Albert H. Hobbs, *op. cit., idem.*

13 Smith, *op. cit.*, p. 13.

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other, this is mine, that yours; I am willing to give this for that."

This idea of man as thinker and trader breaks with the dictates of logical positivism. Mises rejected the strictures and approaches of the physical sciences as wholly inappropriate to the science of human action. The individual simply can not be tested in the laboratory, molded by "human engineering," or predicted by statistical inference.

To Mises, man thinks before he acts. He chooses, rightly or wrongly, conditioned by his own unique value scale. These choices interact and combine with other individuals' choices to constitute consumer demands for the entire range of goods and services, including the derived demand for capital goods. In other words, these choices give sweep, scale, shape and substance to economic activity.

Opportunity Cost

Moreover, every individual choice, while conferring some utility or benefit, involves an opportunity cost – the cost of some benefit foregone by his being able to do but one thing at a time. In the words of Mises: "... acting man chooses, determines and tries to reach an end. Of two things of which he cannot have together he selects one and gives up the other. Action therefore always involves both taking and renunciation."[14]

This searching analysis of individual motivation is precisely the type of analysis missing in modern economics, including government interventionism.

Wage-price controls, for example, have failed a thousand times. The repeated failures can be entirely explained in terms of the overlooked individual. Typically the government, in the name of anti-inflation, sets a full panoply of "maximum prices." These prices are usually set below those that would have prevailed in a free market. Moreover, they are expected to prevail while the central bank allows credit to expand and the money supply to increase.

But the wage-price control rationale doesn't jibe at all with individual subjective values in real-world price determination. This subjective determination spans not only the supply of and demand for goods but the equally crucial supply of and demand for money.

Naturally, as the money stock rises, subjective valuations of each currency unit tend to fall, both on the demand and on the supply sides of the market. Accordingly, individual buyers bid more for all available goods and

[14] Mises, *op. cit.*, p. 12.

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services, including capital goods and the factors of production. Individual sellers find their costs rising and their profits increasingly squeezed. Sooner or later these sellers find it necessary to export their goods to uncontrolled markets overseas, cut corners on quality, do business in "black markets" at home, or go out of business altogether. In any event, the controls lead to shortages, shipment delays, quality lapses, multiplying bureaucratic interferences and, ultimately, breakdown of the controls themselves.

"Contracyclical Policy"

Like price-controls, the Keynesian rationale also ignores the individual, as noted. Today the world is aflame with double-digit inflation directly attributable, I submit, to Keynesian policies.

Broadly, Keynesianism swings on macroeconomic "contracyclical policy." This policy calls for budget surpluses in good times and budget deficits in bad times so as to maintain "effective demand" and thus "full employment." Hence Keynesianism emphasizes spending rather than production as the source of income and breaks sharply with Say's Law (supply tends to create equivalent demand).

But the "G" in Keynes' "full employment" formula of Y = C+ I + G (National Income = Consumption Spending + Investment Spending + Government Spending) works out to be about the most unstable, inflationary, politics-ridden and unscientific balancing mechanism that the economic managers could possibly utilize. Specifically, as a cure of unemployment, government spending simply assumes that joblessness reflects the failure of demand – never the overpricing of labor which individual consumers reject. So as employment continues to lag, government spending tends to get ever larger – and ever more inflationary. As Mises noted:

> At the bottom of the interventionist argument there is always the idea that the government or the state is an entity outside and above the social process of production, that it owns something which is not derived from taxing its subjects, and that it can spend this mythical something for definite purposes. This is the Santa Claus fable raised by Lord Keynes to the dignity of an economic doctrine and enthusiastically endorsed by all those who expect personal advantages from government spending.[15]

Too, the consumer spending and the investment spending in the Keynesian formula subsume the

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15 Mises, *op. cit.*, p. 744.

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thoughts and actions of millions of consumers and businessmen. These individuals have their own values, preferences and cost-price relationships which strongly tend to obviate the "contra-cyclical policy." This obviation comes partly from the subjectively determined forces of supply and demand. These forces, of course, are never repealed but are distorted by Keynesian policies.

"Contra-cyclical policy" also tends to exacerbate the very business cycle it is supposedly stabilizing. Expanded government spending involves as a rule deficit-finance. The central bank accommodates the swollen debt instruments of government and allows commercial bank reserves to expand. The resulting credit expansion leads to false interest and profit signals to entrepreneurs; it leads to industrial expansion and price pressures, especially on capital goods and the factors of production. The upshot is inflation, soaring interest rates and, in the end, industrial contraction – recession or depression.

This is precisely the predicament in which the Western World finds itself today.

In sum, economic analysis which ignores or downplays the individual and his subjective values is almost certainly doomed to failure.

IDEAS ON LIBERTY

Imprisoned Ideas

THERE are many classifications into which men and women may be divided . . . But, as I think, the only categorization which really matters is that which divides men as between the Servants of the Spirit and the Prisoners of the Organization. That classification, which cuts right across all the other classifications, is indeed the fundamental one. The idea, the inspiration, originates in the internal world, the world of the spirit. But, just as the human spirit must incarnate in a body, so must the idea incarnate in an organization. Whether the organization be political, religious, or social is immaterial to my present argument. The point is that, the idea having embodied itself in organization, the organization then proceeds gradually to slay the idea which gave it birth.

W. J. BROWN, from the *Spectator*
September 19, 1947

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The Concept of Value in Ethics and Economics

RIDGWAY K. FOLEY, JR.

THE CONCEPT OF SUBJECTIVE VALUE provides one of the most striking characteristics differentiating voluntarists from statists. One's definition of value colors his individual view of reality and accounts for many, if not all, of the choices made in a lifetime. Despite elucidation by notable persons, the concept remains elusive, rendering reiteration more than an idle gesture.

One tends to offer apologies for mining tunnels seemingly exhausted in the past. Subjective value appears, at a glance, to resemble one of those tunnels consisting of a few specks of played-out ore and a host of useless residue. Were this assessment accurate, mere recapitulation of the subjective theory of value might serve merely to edify the writer, not the readers who have heard or read it all before from more ardent and convincing sources. Yet the mere fact that modern value theory recognizes the subjective nature of value fails to mean that a lesson once uttered is forever learned. Indeed, human experience and behavior demonstrate that this central concept represents one of the most fugitive of ideas, difficult to grasp and even more taxing to apply. Thus, penetration to the core of the concept seems warranted for two reasons: (1) to restate and communicate a basic truth and (2) to define and analyze the idea in a manner which will illuminate the thought against the backdrop of vexing and perplexing problems.

An analyst can gain insight

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into the meaning of concepts by recourse to a trusted friend: the dictionary. Like other trusted friends, this one may be wrong on occasion but by and large it will offer sound advice or at least point the direction. Yet one must constantly recall that words constitute poor vehicles for the conveyance of concepts, and the imprecision of language may obscure the nature and essence of truth.

After some false starts, my dictionary defines value as "relative worth, utility or importance" on a scale of preference.[1] The lexicographer offers some important insights derived from the bare genesis.

(A) *The Individual and Value.* First and foremost, value means nothing unless it relates in some manner to an individual, an acting human being.[2] One cannot meaningfully discourse upon worth or value unless he relates the worth of some tangible or intangible good or idea to some particular individual actor. Any creature lacking the capacity to choose between alternative courses of action cannot assess or recognize value.

(B) *Value and Objects.* One writer has correctly asserted that discussion of value must include consideration of the questions "value to whom" and "value for what purpose."[3] An object evidences no value unless it can be utilized by some person to achieve a certain goal.[4] Correct, as far as it goes: value does mean worth to an individual in relation to a goal, end or desire.

However, the view of objects as the sole entity or repository of value adumbrates reality. Values include intangibles. As discussed later, the concept (and importance) of the subjective value theory extends beyond the confines of mere economic theory or dealings with material things. It plays a seminal role in the dismal science, to be sure, but one must not discount the fact that human values reach farther fences.

A simple explanation accounts for the emphasis upon value in relation to material goods: the concept of subjective value developed almost simultaneously by three economists working separately – Messrs. Carl Menger, W. S. Jevons, and Professor Walras[5] – men whose minds were concerned with the problems accompanying the exchange of goods and services. It is not that these men and their followers restricted the application of this novel theory to material matters but rather that they used it as a tool to explain economic phenomena and,

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particularly, to refute the labor theory of value which arose in the classical period and reached its deadly apogee in *Das Kapital* of Karl Marx.[6]

The objective value theory becomes manifest in the labor theory of value in the field of economics, the theory that the value of a good or service is determined by the cost of production or the amount of energy expended.[7] The brilliant Austrian economist and student of Professor Carl Menger, Eugen Bohm-Bawerk, incisively exposed the fallacies of the labor theory of value in the late nineteenth century.[8] Contrary to the tenets of the labor theory of value, value is determined by individual evaluations of personal utility,[9] or, as Dr. North reminds us, the value of labor derives from the value of labor's product.[10]

(C) *Value and Ends.* The view that value represents that which possesses utility clouds the expansive nature of value in the same manner as the strict relation of value to tangible objects. One may value laughter or a sunrise – ephemeral but real delights – over butter, bread or bricks. One may value God, or love, or commitment to a philosophy over his own life. Concentration on the very real role that value plays in market exchanges ought not mask the equal truth that values equate with both tangible and intangible goals as well as the means of satisfying those goals. The value of friendship cannot be stated in market terms like the measure of a pound of coffee.

Thus, value refers to worth as a means to an end as well as to the end itself. Perhaps the imprecision of language betrays and muddies this important distinction in common speech.

(D) *Value on a Scale of Preferences.* Leonard Read remarks that possessions reflect a man's values and we are, in a very real sense, that which we own.[11] True, to the extent that possessions accurately reflect goals. Values of each man refer to the goals of each acting individual as viewed by that person in the hierarchy of his purposes and measured by him as relevant to those purposes.[12] Each actor commands a scale of preferences in his life; only he can rate a particular goal, end, object or thing on that scale.

The Theory of Subjective Value

The objective theory of value holds that absolute, intrinsic values exist and can be discovered by man. Certain matters are inherently good or desirable and rank as absolutes on the scale of preference for every human being.

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The subjective theory of value, to the contrary, recognizes the nonexistence of any means to identify or define in absolute or universal terms the essential characteristics of an ultimate good. Dr. Rogge succinctly summarizes this position:

> The first of the propositions on which I wish to base my argument is the fundamental proposition of all modern value theory: Value does not consist of objectively definable characteristics of a good or service; value exists only as subjective judgment in the mind of each beholder. It cannot be measured directly but only indirectly by the behavior it elicits. There is no way that the subjective valuations of two people can be summed or even directly compared.[13]

Consider the application of this concept in the economic milieu. The exchange value of any item, good, or service is what another person will offer for it in voluntary exchange.[14] No individual can determine value for another; no one can comprehend the intricate hierarchy of preferences residing within another person. The practice of subjective evaluation represents the embodiment of freedom of personal choice or liberty.[15] If nothing entails value unless it bears a relevance to a desired end, no individual other than the actor can (1) recognize the end sought and (2) measure the relevance of the tangible or intangible value in achieving that end.

Achievement of any end requires payment of a cost. In the economic realm, we term that cost the "price," the amount of exchange goods satisfactory to a willing buyer and a willing seller in a free and uncoerced exchange. Price acts as the indicator or objective *expression* of value; it measures value but does not constitute value.[16]

The common concept of cost disguises the fact that cost may be measured in nonmonetary or, indeed, nonmarket terms. What it costs one to choose a course of action may not be measurable in dollars and cents but in loss of opportunities for happiness, safety, self-respect, love or some other real but intangible item of importance. Consider government nationalization of an industry or application of the doctrine of eminent domain for "social" purposes, current euphemisms for outright theft. Under civilized standards, the state takes over the electric power industry or the coal mines but salves its collective conscience by paying full (objective) value to the owner. Objective value consists of the amount of money which expert appraisers tell the parties that some mythical buyer would pay for the properties and

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which some mythical seller would accept. Yet payment of such an objective cost cannot disguise robbery of the subjective worth of the enterprise, the right and opportunity to peacefully engage in that endeavor. Subjective value achieves free rein only in *willing* exchange; by definition, eminent domain and nationalization proceedings involve *coerced* exchange wherein one individual's subjective scale of values indicates a preference to retain property rather than exchange it.

The Myth of An Absolute Objective Value

Adherents of the basic freedom philosophy often encounter severe difficulties in understanding and applying the theory of subjective value. One primary reason concerns the apparent clash between the idea of subjective value and the belief in absolute principles governing man, life and the universe. Many libertarians believe, rationally or intuitively, that life contains absolute tenets; for this reason, these thinkers decry the postulates of relativism, be it economic or moral. For example, Lord Keynes, challenged by contemporaries concerning the extended effects of his irrational monetary and employment policies, supposedly uttered the dictum, "In the long run, we are all dead," a clear expression of the relativistic neomercantile approach to solution of economic problems. Free marketeers disdain such an overture, cognizant that man must pay a cost for every purchase, that every cause produces effects. Again, in the field of axiology, libertarians often decry the concept of situational ethics, a trend which may justify "immorality" on a relativistic basis.

Reflection reveals no conflict between the concept of subjective value and the existence of fundamental absolute principles in the universe. The key lies in the nature of man: man is a finite, fallible, limited creature; he can glimpse truth through St. Augustine's dark glass. No man possesses unchallengable, immutable ability to know truth; each of us maintains a world view frayed and scarred by his own ineptitude, flawing his perception and causing his knowledge to deviate from reality.

Truth or reality is absolute; it cannot vary; one cannot challenge fact. Absolute principles derive from truth and exist untrammeled in the universe. These absolutes exist wholly apart from our perception. Man can contest truth or reality, but he must pay the price of error.

The validity of the fact of ab-

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solute existence does not in any way counteract the theory of subjective value. An actor places values on a range of choice related to his real or imagined goals. Truth may not rank high in his perspective. Or, he may perceive a different truth from his neighbor. Or, he may value other truths on a higher plane than his traducer. Or, he may fall into error. The points remain: (1) absolutes exist; (2) man may not recognize absolutes; (3) different men may become cognizant of different views of reality; (4) only each man, acting individually, can rate values in his order of preference. These four propositions do not wage internecine war; they coexist. Thus, the concept of subjective value and the existence of absolute truth occupy mutually independent spheres. Truth never varies, never becomes relative; man's ranking of important things does vary, from person to person and from time to time.

Dr. Gary North defrocked the error in confusion of the two concepts a few years ago when he pointed out the fallacious reasoning of conservatives who believe that gold possesses intrinsic (objective or inherent) value.[17] Many freedom philosophers *prefer* to convert their assets to gold or silver rather than trust in fiat paper. Gold and silver contain intrinsic *properties* which account for their *historic* value, yet neither gold nor silver nor anything else manifests intrinsic worth. Whether or not these metals are valuable depends upon the individual subjective choices of the owner and the one with whom he may wish to trade. One may rank gold as less valuable than food, clothing or shelter, depending upon his circumstances. And, one may rate food or water or life itself less valuable than a cause or the life of another person. Literature and history abound with examples of those who have valued the lives of friends or family more intensely than their own continued existence and so chose to sacrifice their very being.

Ethics and Economics

Comprehension of subjective value may increase when examples portray its application to several fields of choice. In so doing, what appears apostasy may become doctrine.

As noted earlier, the initial application of the doctrine of subjective value appeared in the field of economics. Easy examples appertain here. Only the buyer knows whether he values soap more than matchbooks, watercress more than acorn squash, or pet food more than quilts. Willing exchange commands that each

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participant to a trade subjectively believes that he gains from the transaction.[18] If the swap only occurs by virtue of coercion, no willing exchange would have taken place and the trade does not correspond with the subjective value of at least one actor.[19] One "profits at another's expense" only if he employs force or fraud in the transaction;[20] by definition, each actor benefits from a free transfer.

Normally, the simple model becomes more complex in modern society, but the basic principles remain. One employs his creative talents in an endeavor which produces an abundance beyond his own needs; he then barters those extra goods to others in exchange for different items which he subjectively values beyond his extra creations. As time passes and specialization and division of labor grow, society uses trade goods as a medium of exchange: goods we call "money." The more complicated model does not alter the fundamental fact that a producer will choose to produce and to trade in accordance with his subjective values, and a purchaser will choose to consume on the identical basis. Each individual portrays the roles of producer and consumer and only the individual can determine (in accordance with his personal scale of preferences) what and how much to consume. At some point in time, the actor will decide it accords with his preferences to withhold production or consumption of a given good when the value given in return appears too insignificant or too costly according to his choice.

Ethics in Human Relationships

Like rules govern the ethical judgments made by man. Only the actor can determine whether or not he should destroy the life of another human being, either during warfare sanctioned by a group (the state) or during a fit of personal pique. Other human beings may wreak consequences upon the actor as a result of his chosen course of conduct, the threat of which may have a direct bearing upon his initial choice. Similarly, only the actor can decide whether to lie or deceive even if no legal consequences attend his conduct, whether extrinsic circumstances such as ill health of another justify an untruth, whether one ought to marry a specific person, whether fairness and mercy obligate the donor to transfer $100 to poor relief, whether to honor one's parents, or whether to worship God or to maintain quiet on the Sabbath.

Moreover, the concept applies to personal relationships between human beings. Friendships develop

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out of a concatenation of values. Like goals attract; unlike values repel. No state can effectively legislate friendship or camaraderie, but at best an uneasy truce. No one can force you to love your neighbor; you will do so only if that relationship fits your world view and your scheme of values.

Again, the doctrine applies easily to choices in aesthetics and art. Preferences among persons surface abruptly in the fields of art, architecture, sculpture, music, photography, literature, and entertainment. That which the public (individual patrons collected) subjectively values produces rewards (exchanged goods, plaudits, fame) for the artist or entertainer; that which no one subjectively values rots in the producer's garret or resides, unnoticed and undusted, on a purveyor's shelf. The artist may continue to produce despite rejection because he receives value from the creation of his art; that value may far outstrip the value chosen by others in the market place.

Those who ignore the concept of subjective value lead the parade to subsidize "cultural" activities as "intrinsically" good: witness organizations to collect tax funds for support of symphonies, art galleries and civic theatres. Yet these activities contain no more intrinsic value than an ounce of gold. If a sufficient number of persons in the community subjectively value the symphony or the theatre, these endeavors will endure; if not, their continued existence depends solely on force.

Subjective Value and an Ordered Liberty

A number of persons who believe themselves to be traditionalist-conservative if not libertarian in outlook opt for a concept of "ordered liberty." They value eternal things, necessary to order and the good life in their subjective view. Unfortunately, this approach lends itself to the application of an objective value concept. Order becomes the touchstone; deviates receive punishment; men become fit to a Procrustean bed measured by those in political power.

All too often, the "ordered liberty" proponents penalize "deviant" personal conduct which fits the subjective value of the actor and harms no other person. Sunday Blue Laws, compulsory chapel, conscription, law proscribing sexual activities between consenting adults all partake of this attitude. Public display of nudity may not be in the best of taste, but man should be concerned with living his own life, not limiting the equal, reciprocal right of others in this regard. The judicial sys-

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tem tends to impose values upon disputants in this kind of society rather than performing the limited function of deciding concrete cases. The law becomes a censor of personal conduct and a prescriber of the objective values to be maintained.

Let me commit what may seem an unpardonable heresy: neither freedom nor mankind itself represents an objective value. To me, as a believer in the freedom philosophy and the dignity of man, individual liberty and my right to live my own life as I see fit rank high on my personal scale of values. I fervently hope that others think likewise – but I recognize that all too many persons do not hold these beliefs or, if they pay lip service to such values, they manifest a remarkable inability to equate their means and ends. Personal freedom and the fundamental rights of man accord with absolute verity but one cannot consistently claim intrinsic value for such rights.

Those who seek an ordered liberty may be on the trail of very real values. Many of us favor the serenity of the quiet life where no neighbors intrude in our sylvan glade. Yet, as long as man shares this globe with other men, conflicts will arise. These conflicts can be resolved in two ways: by force or by mutual uncoercive interchange and negotiation. I prefer my order to develop out of the market, be it a market for goods or a bazaar of ideas. A respect for the subjective values of others bodes well for the survival of man as a choosing, free creature; emphasis upon objective value theory delivers a dulling blow to the creative spirit.

– FOOTNOTES –

1 Webster's Third New International Dictionary (G. & C. Meriam Co., Springfield, Massachusetts 1966) 2530-2531.

2 See, e.g., Jennings, Frederic Beach, Jr., "Value, Exchange & Profits: The Bedrock of Economic Science," 16 *Freeman* (No. 9) 52 (September 1966); Read, Leonard E., "Freedom's Theory of Value," 17 *Freeman* (No. 10) 594, 596 (October 1967).

3 Jennings, *op. cit.*, Note 2.

4 *Ibid.*

5 Read, *op. cit.*, Note 2.

6 See, North, Gary, "The Fallacy of 'Intrinsic Value'" 19 *Freeman* (No. 6) 370, 371 (June 1969).

7 See, Read, *op. cit.*, Note 2, p. 595; Lipton, Dean, "The Man Who Answered Marx," 17 *Freeman* (No. 10), 597, 600 (October 1967).

8 Lipton, *ibid.*

9 Read, *op cit.*, Note 2, p. 596.

10 North, *op. cit.*, Note 6, p. 372.

11 Read, *op. cit.*, Note 2, p. 594.

12 Jennings, *op. cit.*, Note 2.

13 Rogge, Benjamin A., "No New Urban Jerusalem," 3 *Imprimis* (No. 9) 1 (September 1974).

14 Read, *op. cit.*, Note 2, p. 594.

15 *Ibid.*

16 Pitt, W. H., "Value: The Soul of Economics," 19 *Freeman* (No. 9) 515, 517 (September 1969).

17 North, *op. cit.*, Note 6.

18 Read, *op. cit.*, Note 2, p. 594; Jennings, *op. cit.*, Note 2.

19 Jennings, *ibid.*

20 *Ibid.*

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The Roots Of American Order

I DON'T KNOW what I expected when I heard that Russell Kirk was writing a big book on the nurturing of American religious, social and political beliefs. All I can say is that his *The Roots of American Order* (Open Court, $15.00) comes as a total surprise.

It is the incredible scope of the book that is staggering. Even more remarkable, it is as deep as it is wide, relating order in the soul to order in the State in masterly fashion. Kirk has always been good at intellectual portraiture, but this book combines his old forte with the qualities of a great mural. Where others have sought to prove that conservatism has been an exotic plant in America, Kirk makes it plain that we have been much more firmly rooted in conservative western values, stoic as as well as Christian, than most modern commentators have supposed.

Others, before Kirk, had made the point that the American Revolution, unlike the French upheaval that occurred a few years later, was a defensive operation designed to preserve old liberties rather than to force a radical change in society. Peter Drucker, writing in 1942, had spoken of "The Conservative Counter-Revolution of 1776." This was my first encounter with a perspective that really explained our origins as a free nation. True enough, Drucker had drawn some conclusions that were fairly explicit in Edmund Burke if one is to put the famous Anglo-Irish Whig's speech on conciliation with America together with his *Reflections on the Revolution in France*. But Burke had been forgotten by an ignorant generation before Drucker came along to remind us that Washington, Jefferson, John Adams and

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the other architects of our federal union were not revolutionists. It was King George III, with his desire to restore a royal absolutism, who was the real incendiary.

Kirk, as our foremost Burkean, naturally follows Drucker. But he is much more than an expositor of Burkean conservatism. He is an encyclopedist by temperament, and an inveterate educator who wants his students to go back, back, back into history before pronouncing on "relevance" for the present. *The Roots of American Order* is a searching study of the origins of the Hebraic-Graeco-Roman West before it narrows its focus in the later chapters to concentrate on what the Founding Fathers wrote into the Declaration of Independence and the American Constitution.

The Historical Background

What we get in the Kirk book is a study of Israel and Revelation, a dissertation on the glories and shortcomings of the Greek *polis*, a celebration of the high old Roman virtue before Latinity had been overwhelmed by decay from within and the Germanic barbarians from without, an account of the spread of Christianity from the Mediterranean world into Europe's Gothic North, and an outline of the "dissidence of dissent" as the Reformation splintered the Catholic synthesis. Kirk gets it all down in order to explain the origins of the "chartered rights of Englishmen" before any single one of those rights had been transplanted to North America. Everything is here from William of Occam, the medieval "nominalist" who was really the "realist," to the development of the English Common Law and the rise of the Scottish universities. It is an intellectual feast covering two millennia.

Most interesting, it reveals something that I did not know when I was reading Peter Drucker in 1942. Who but Russell Kirk could tell us that John Quincy Adams, in his effort to perfect his German in 1800, had translated a long essay from the Berlin *Historisches Journal* by a young Prussian named Friedrich Gentz? Gentz, a reader of Burke, made what Kirk calls "the best brief early analysis of the distinction" between the American and the French Revolutions. If the world had only read and pondered Gentz, we could have been spared the modern revolutions of Lenin and Hitler. Unfortunately, John Quincy Adams was not a great popularizer.

If Kirk's digression on John Quincy Adams and Friedrich Gentz makes Peter Drucker seem less of a pioneer, it doesn't make

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Drucker's point, which was also Burke's point, any less valid. And, indeed, Russell Kirk would be the first to say there are no new truths. There are only recoveries of what Kirk is fond of calling "the Permanent Things."

Imagination Rules

The Roots of American Order is something of a paradox. It is stimulating intellectual history of the first order. Russell Kirk can summarize concisely what Thomas Hobbes had to say about the Leviathan state, or what John Locke contributed to the labor theory of value, or what Saint Augustine did to distinguish between the City of This Earth and the City of God. But in spite of his own ability to reason, and to present things in rational order, Kirk believes that it is imagination, not dialectics, that rules the world. Locke, with his triad of Life, Liberty and Property (or Estate), appealed to the American colonists, not because he had anything new to say, but because, insofar as he may have been an important contributor to the Revolution, he merely confirmed what people already knew from their experiences during a hundred and fifty years of "salutary neglect" on a new continent. Like Burke, Kirk continually stresses the importance of immemorial custom. He distrusts Reason, as Reason has been defined by ideologues.

In this view of things, intuition must be trusted – which is not exactly an intellectual position. But, as Kirk, following Hume, points out, life is rooted in "enormous mysteries." What has come into being through prescription is not lightly to be dismissed. A people committed to following precedent may be slow to improve their condition, but, in the end, they will do better than those societies that chase after Utopian reformers.

The Founding Fathers read Montesquieu on the Separation of the Powers. Kirk approves of Montesquieu, who was a most moderate Frenchman. But did Montesquieu really account for the form of our government and the wording of our constitution? Kirk would say no. The larger federalism of the thirteen states was a mere adaptation of the smaller federalism that the colonists had practiced in Virginia for a century in which local county government had distrusted rule from the capital in Williamsburg.

The theorist, in the Kirk view of things, is mainly important because he discloses to people what they instinctively know to be right. The "law" already exists before the formulator comes along to divine it and refine it.

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The Compact

Kirk is hard on compact theory. Hobbes, he thinks, was wrong in attributing the origins of the State to a compact under which people decided to accept a tyrant as preferable to life in a state of brutish nature. And Locke could point to no antique tribal conclave in which people set up government to protect individual liberties and property. But if the State, as Albert Nock and Franz Oppenheimer thought, originated in conquest, it nonetheless remains true that conquerers have always had to give ground even to serfs and slaves in order to get production out of them. So "compacts" were forced from time to time as underlying populations exerted pressures as a condition of giving good service. The church in the Middle Ages exacted compacts from kings. As more and more "chartered liberties" come into formal existence, the Myth of the Compact inevitably became a vital reality.

The myth was real to Thomas Jefferson. There really was a compact made between the states as states at our Constitutional convention. As James Jackson Kilpatrick pointed out some years ago in his *The Sovereign States*, it wasn't "we the people" who made a compact. It was Virginia and New York and other states that relinquished certain powers (such as the right to coin money or make foreign alliances) in return for keeping other powers under the Tenth Amendment.

Russell Kirk tends to be contemptuous of this element of compact theory. But he really accepts the Myth of the Compact when he commends Burke's contract of Eternal Society. His own compact theory is richer than Locke's and more humane than Hobbes'. He should recognize it for what it is. But this is a minor flaw in what indubitably is a grand book.

▶ MISES MADE EASIER: *A Glossary for Ludwig von Mises'* HUMAN ACTION, prepared by Percy L. Greaves, Jr. (Dobbs Ferry, New York: Free Market Books, 1974) 157 pp., $6.

Reviewed by William Rickenbacker

ONE OF THE TRAGEDIES of modern times is that our society seems to have lost the ability to find and use the knowledge that might help it to improve its condition. One may think of several reasons for this deprivation. The matters to be discussed – weaponry, ecology, diplomacy, monetary theory – are complex. The people are more interested in amusements than in severe study of public questions.

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The truth is unpalatable to the reigning bureaucrats in government, publishing, and teaching; with the result that the writers of true works are seldom listed in the bibliographies with adequate prominence. And, finally, alas, the writers of truth are seldom the most amiable and charming of stylists; they are hard to read.

For such reasons as these the great summing-up work of Ludwig von Mises, *Human Action,* remains shockingly unknown and unread. The book is almost a thousand pages long. Each page is filled with close-spaced lines which are filled, in turn, with long sentences, iron constructions, unusual words, foreign phrases, historical references fit for the scholar's delight, passing allusions to ancient philosophical debates, side excursions into the history of intellectual quarrels. . . .

And yet the book can be read, with immense profit, by a patient person who is otherwise unprepared for any special study. The book is an exercise in logical thought, based on the small cluster of unarguable assertions that form the starting point of classical economics: that man has free will, that he engages in purposive action, that the assets of the earth are unequally distributed among the territories and among the people.

Nevertheless, any venture in making the book more accessible to the reading public must be greeted with applause, and here's a hip and a hooray for Percy Greaves' contribution to the cause. He has picked out about 900 of the most difficult words or phrases in *Human Action* and has given them clear and helpful definitions. His little essays on "economics," "inflation," and "money" (in its several forms) are reason enough for owning the book. It might well be kept at your elbow as you read the original monument.

Human Action deserves the widest possible audience and should be made available in every form — in the original bulk, in Greaves' definitions, in textbook form, in condensed versions. A close study of the text reveals that the positive assertions of Mises amount to about ten per cent of the entire work. The "meat," therefore, shorn of the historical and controversial dissertations, could be printed in a book of merely a hundred pages. Perhaps this would be a worthy second step in Greaves' excellent endeavors to make von Mises better known to the world.

* * *

This book also is available from The Foundation for Economic Education, Irvington-on-Hudson, N. Y.

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